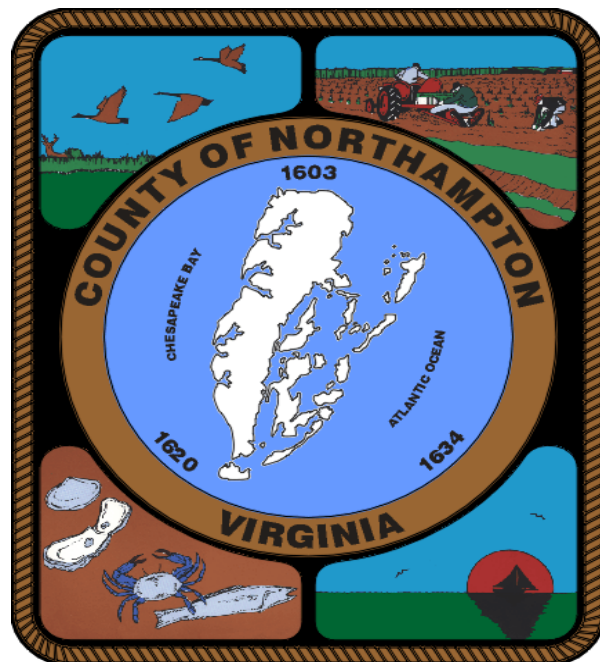


COUNTY OF NORTHAMPTON, VIRGINIA



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2016

About the Cover

The official seal/logo of Northampton County was developed to reflect the County's history, its traditional way of life and its ties with the marine environment. It was adopted by the Board of Supervisors on July 13, 1987.

The gold rope which borders the logo represents the County's bond to the sea and, of course, its geographic location. The four panels represent its economy, its way of life, its unique life style and its relationship with the environment. The three dates represent: (1) the first recorded English landing in 1603 by Bartholomew Gilbert; (2) the first permanent settling of Northampton in 1620; and (3) in 1634, Northampton County, then known as Accomack County, became one of the original shires of the colony governed by England. The black stems separating the gold band holding the map of Northampton represent points of the compass normally associated with ties to the sea. The blue field, which surrounds the map, represents the pure hue of clear sky and sea. The gold band depicts the county as a "unique area" – very precious and rare. Northampton County, shown in white, represents sunlight – desiring to do good.

COUNTY OF NORTHAMPTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

Prepared By:

John Andrzejewski
Director of Finance

COUNTY OF NORTHAMPTON, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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COUNTY OF NORTHAMPTON, VIRGINIA

Board of Supervisors

H. Spencer Murray, Chairperson
Larry E. LeMond, Vice-Chairperson

Oliver H. Bennett
Granville F. Hogg, Jr.

Robert G. Duer

County School Board

William J. Oakley, Chairperson

Randall D. Parks
Jo Ann Molera

Regina Elmandorf Taylor
Paul E. Bibbins, Jr.

Shannon J. Dunham
Nancy Proto

Board of Social Services

William E. Denny, Chairperson

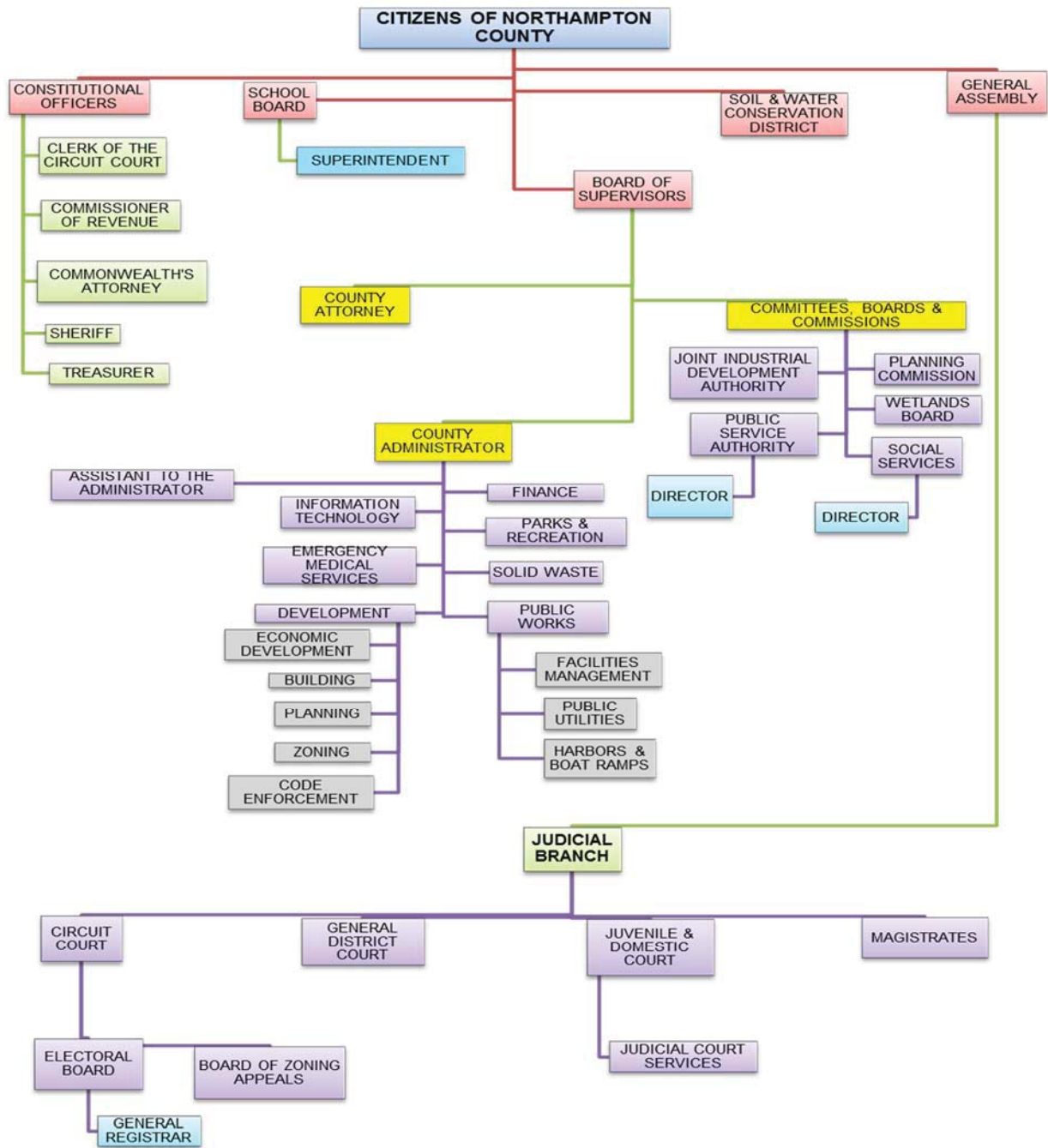
Edith E. Johnson

John Williams

Other Officials

Acting County Administrator
Clerk of the Circuit Court
County/Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Department of Social Services
Director of Finance
Registrar

John Andrzejewski
Traci W. Johnson
Bruce D. Jones, Jr.
Charlene Gray
Cynthia S. Bradford
David L. Doughty, Jr.
Charles E. Lawrence
Mozella Francis
John Andrzejewski
Terrence Flynn





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Northampton
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



County of Northampton

P.O. Box 66
16404 Courthouse Rd.
Eastville, VA 23347
Phone: 757-678-0440 Fax: 757-678-0483

December 16, 2016

To the Board of Supervisors and the Citizens of Northampton County:

The Code of Virginia (§ 15.2-2511) requires that all localities publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh their benefits, Northampton County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants, has audited and issued an unmodified "clean" opinion on the financial statements of Northampton County for the fiscal year ended June 30, 2016. The Independent Auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Northampton County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Northampton County comprises the southernmost portion of the Eastern Shore of Virginia, bordered on the north by Accomack County, Virginia, on the west by the Chesapeake Bay, and on the east by the Atlantic Ocean. At the southern end of the County is the Chesapeake Bay Bridge-Tunnel, connecting the County to the Hampton Roads area of Virginia. The County encompasses a land area of approximately 355 square miles. The County's population was 12,389 according to the 2010 census. The County is a full-service County and provides a variety of services to its citizens as authorized by the laws of the Commonwealth of Virginia. The County is authorized to issue general obligation bonds, generally subject to voter referendum.



Northampton County was formed as an independent county in 1634 and is organized under the traditional county form of government. The Board of Supervisors, which establishes policies for the administration of the County, is the governing body of the County. The Board is composed of five members, one member elected from each of five election districts. A member must be a resident of the district in which he or she serves. Members are elected for four-year staggered terms, with either two or three members' terms expiring every two years. Each year the Board elects a Chairman and Vice Chairman from among its members. In addition to the County Board, other elected County officials include the Commonwealth's Attorney, Commissioner of the Revenue, Treasurer, Sheriff, and Clerk of the Circuit Court.



The Board appoints a County Administrator to serve as the chief executive officer of the County. The County Administrator serves at the pleasure of the Board, implements its policies, directs business and administrative procedures, and recommends officials to be appointed by the Board. The County Administrator is currently assisted by eight staff departments and offices including Finance; Information Technology; Office of Planning, Permitting and Enforcement, comprised of Planning & Zoning, Code Compliance, and Building Inspections; Facilities Management; Solid Waste Services; Public Utilities; Emergency Medical Services; and Parks and Recreation.

Northampton County is also financially accountable for a legally separate school system which is reported as a discretely presented component unit in the audited financial statements. The Northampton County public schools are governed by the Northampton County School Board, which is composed of seven members who are elected by the citizens of Northampton County. A Superintendent is appointed by the School Board to administer the operations of the County's public schools. The School Board functions independently of the County Board but is required to prepare and submit an annual budget to the County Board of Supervisors for its consideration. Because the School Board can neither levy taxes nor incur indebtedness under Virginia law, the local costs of the school system are in large part provided by appropriation from the County's General Fund. The costs of constructing school facilities are generally provided by capital appropriations from the County's General Fund, through State Literary Fund loans, Qualified Zone Academy Bonds (QZAB), and through the Virginia Public School Authority.

In Virginia, cities and counties are not overlapping units of government. However, there are no incorporated cities within the boundaries of the County. There are six incorporated towns all or partly located in Northampton County, the largest of which are the Town of Exmore with a population of 1,458 and the Town of Cape Charles with a population of 1,008, and the others of which are the Towns of Cheriton, Eastville, Nassawadox and Belle Haven. These towns are underlying units of government within the County, and the ordinances and regulations of the County are, with certain limitations prescribed by State law, generally effective in them. Property in these towns is subject to County taxation and the County provides certain services to their residents. These towns may also incur general obligation indebtedness without the prior approval of the County.



The County operates under an annual operating budget adopted in accordance with the provisions of the Code of Virginia. The budget is the legal basis of the budgetary accounting system and the standard by which proposed expenditures are measured. The balanced budget must be adopted prior to the beginning of the fiscal year. The budget is subject to public inspection and a public hearing prior to its adoption. The budget is considered balanced when net revenue equals appropriations.



The operating budget is adopted on a departmental basis and is prepared using the modified accrual basis of accounting for all funds. Departmental appropriations that have not been expended by the end of the fiscal year are returned to the County's fund balance. Funds that are subject to carryover include unspent grant revenue or awards which must be presented to the Board for "re-appropriation."

Department Heads and Constitutional Officers may approve transfers within their own operating budgets with the exception of transfers affecting salaries and related accounts. The County Administrator is authorized to transfer budgeted amounts between departments, but any revisions that alter total expenditures must be approved by the Board of Supervisors through legislative action. All supplemental appropriations must be reported in a public meeting of the Board of Supervisors and made a matter of record in the minutes.

Appropriations designated for capital projects do not lapse at the end of the fiscal year but remain appropriations until the completion of the project or until the Board of Supervisors, by appropriate resolution, amends or eliminates the appropriation. Upon completion of a capital project, staff is authorized to close out the project and transfer to the funding source any remaining balances.

Demographic Factors and Local Economy

From Colonial times to the present, agriculture has been the mainstay of the Eastern Shore economy. Early farmers grew tobacco and later turned to livestock, some of which freely grazed on the seaside barrier islands. Eventually these farms raised grain crops and produce. Agriculture is still estimated to represent approximately 18% of the local economy. During the 1880's, the arrival of the railroad stimulated the local economy and literally changed the face of the Eastern Shore. Built down the spine of the peninsula, towns and villages sprang up along the line.



Watermen have been active on the shore for generations. Once abundant, oysters were a mainstay of the seafood industry along with the famed blue crab, clams and scallops. Waterfront villages and

towns enjoyed a healthy economy as watermen brought in their catch and seafood packing, oyster shucking and crab picking houses stayed busy. Though oysters are not as abundant today due to over-harvesting and disease, blue crabs from the Eastern Shore are still a sought after commodity. Clam aquaculture or water farming is a multi-million dollar industry with operations in Willis Wharf, Chincoteague and Cherrystone Creek.



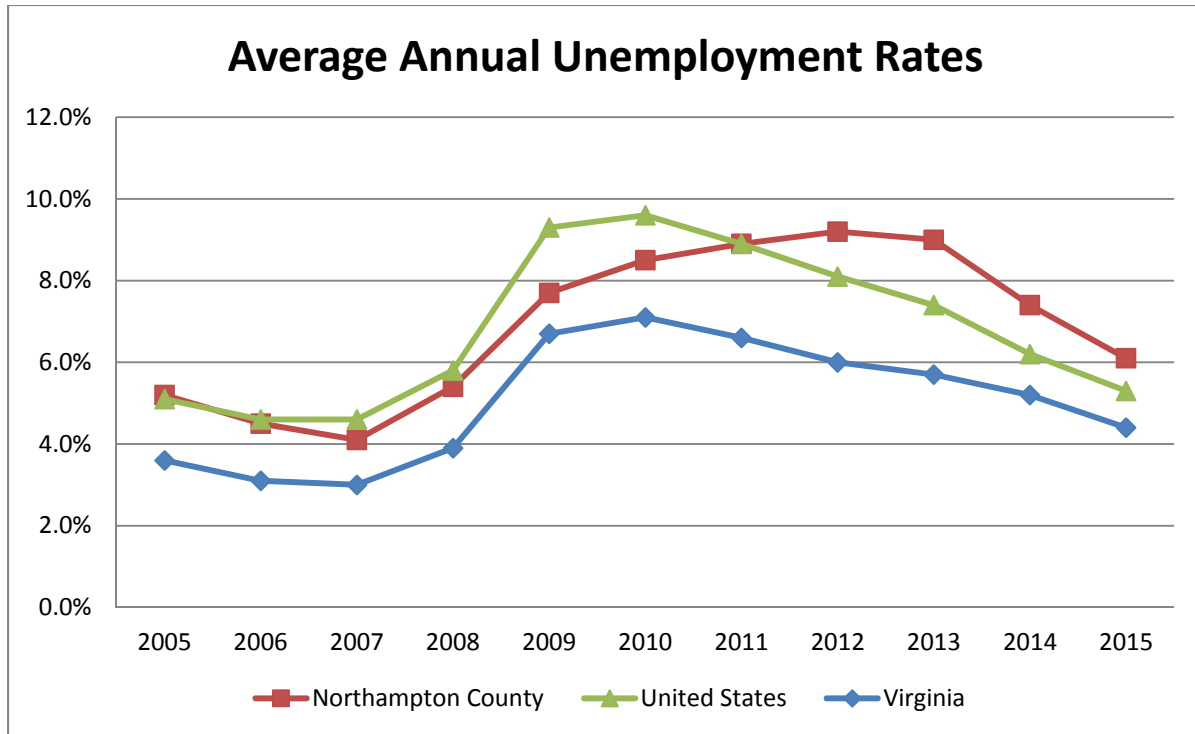
Unemployment

The following table presents the County's and other jurisdictions unemployment rates over the last ten years.

Average Annual Unemployment Rates

<u>Year</u>	<u>Northampton County</u>	<u>Virginia</u>	<u>United States</u>
2006	4.5%	3.1%	4.6%
2007	4.1%	3.0%	4.6%
2008	5.4%	3.9%	5.8%
2009	7.7%	6.7%	9.3%
2010	8.5%	7.1%	9.6%
2011	8.9%	6.6%	8.9%
2012	9.2%	6.0%	8.1%
2013	9.0%	5.7%	7.4%
2014	7.4%	5.2%	6.2%
2015	6.1%	4.4%	5.3%

Source: Virginia Employment Commission



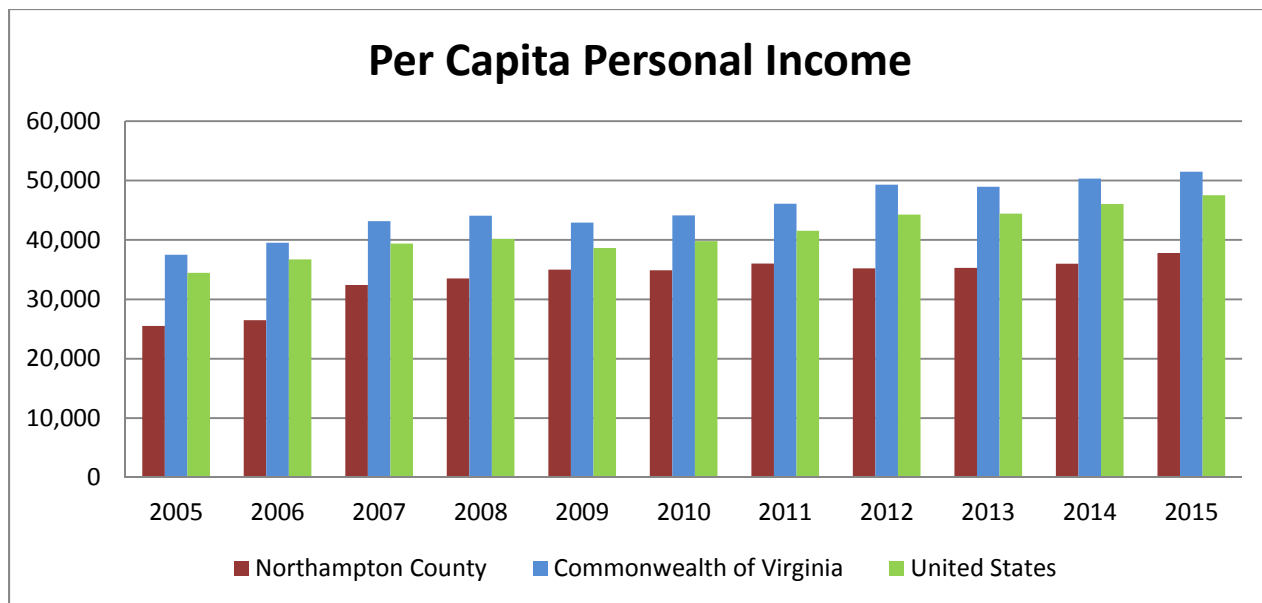
INCOME

Per capita personal income for Northampton County in 2015 was \$37,804, the latest year for which data was available. Selected per capita personal income data for Northampton County and other jurisdictions is as follows:

Per Capita Personal Income Selected Years

<u>Year</u>	<u>Northampton County</u>	<u>Commonwealth of Virginia</u>	<u>United States</u>
2006	\$26,481	\$39,540	\$36,714
2007	32,413	43,158	39,392
2008	33,514	44,075	40,166
2009	34,996	42,929	38,637
2010	34,898	44,134	39,791
2011	36,011	46,107	41,560
2012	35,205	49,320	44,266
2013	35,289	48,956	44,438
2014	35,987	50,345	46,049
2015	37,804	51,480	47,523

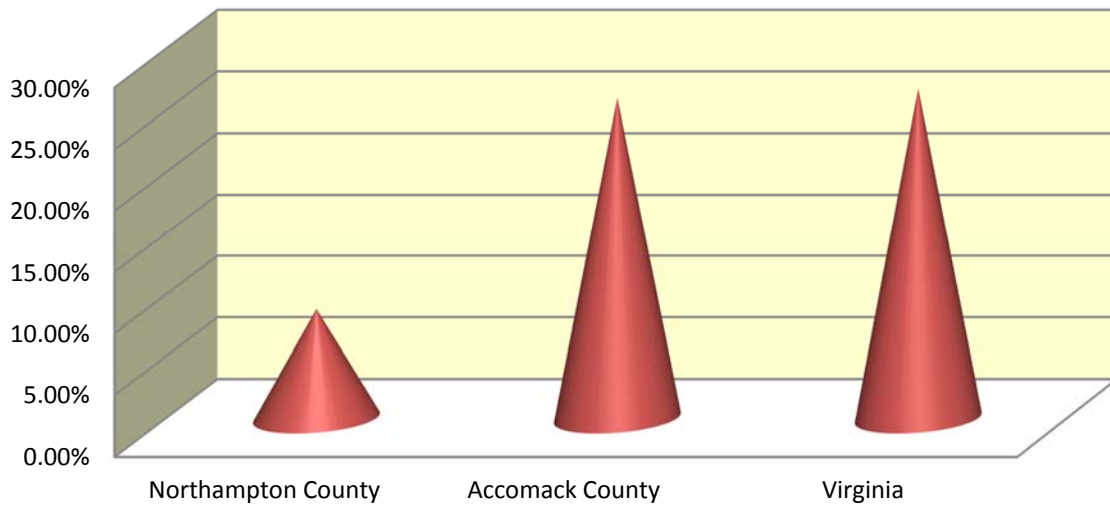
Source: U.S. Department of Commerce, Bureau of Economic Analysis



Since 2004, Northampton County's median household income had been growing at a slower rate than that of Accomack County or the State of Virginia as evidenced below. However, the most recent data for 2014 indicates that Northampton County has experienced a greater rate of growth in median household income than Accomack.

Year	Northampton County	Accomack County	Virginia
2004	31,847	31,256	51,103
2006	32,804	37,265	56,297
2008	34,424	37,564	61,210
2010	35,760	41,372	61,406
2012	32,138	36,957	61,782
2014	34,656	39,389	64,792
Percentage Change from 2012 to 2014	7.83%	6.58%	4.87%

GROWTH IN MEDIAN HOUSEHOLD INCOME BETWEEN 2004 - 2014



Source: U.S. Census, Small Area Income & Poverty Estimates

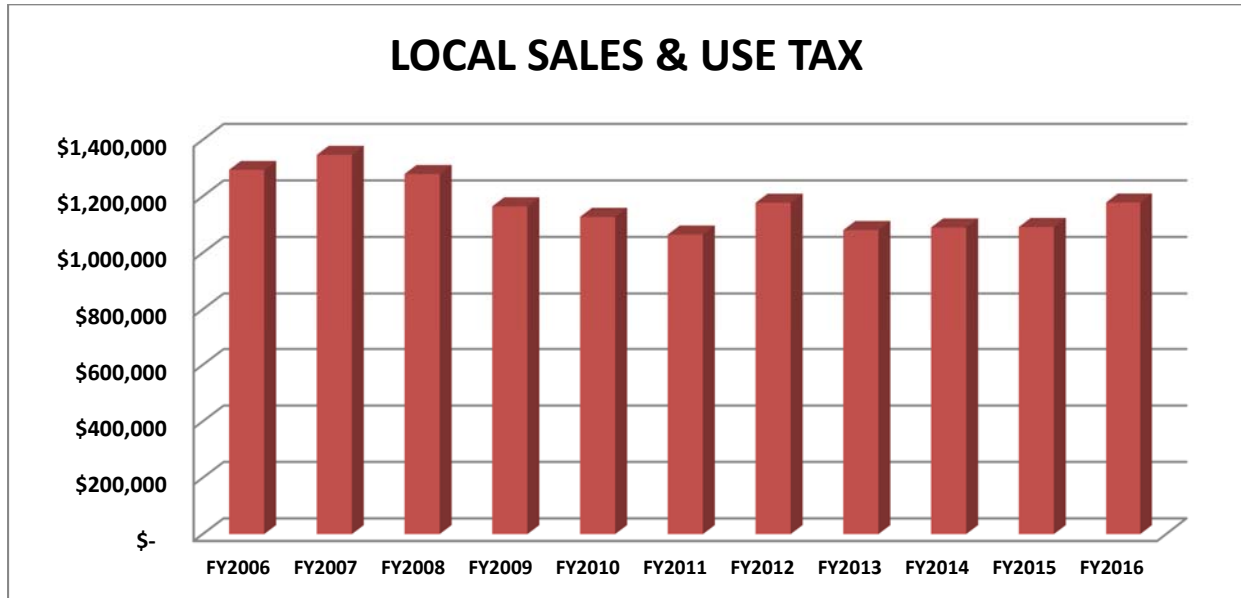
Employment

The following table reflects the breakdown of employment by industry in Northampton County for the quarter ending June 30, 2016. Source: Virginia Employment Commission - Labor Market Statistics, Quarterly Census of Employment and Wages Program

Industry	Employment	Percentage
Health Care and Social Assistance	988	20.4%
Local Government	823	17.0%
Agriculture, Forestry, Fishing and Hunting	768	15.9%
Accommodation and Food Services	644	13.3%
Retail Trade	481	9.9%
Manufacturing	457	9.4%
Other Services (except Public Administration)	132	2.7%
Finance and Insurance	100	2.1%
Construction	92	1.9%
Educational Services	92	1.9%
State Government	77	1.6%
Administrative and Support and Waste Management	51	1.1%
Professional, Scientific and Technical Services	44	0.9%
Wholesale Trade	43	0.9%
Federal Government	33	0.7%
Real Estate and Rental and Leasing	18	0.4%
TOTAL	4,843	

Taxable Sales Revenue

Northampton County has experienced a fluctuation in taxable sales over the last ten years. In ten years, the county has had a decrease of the Local Sales & Use Tax by 2%. Between FY2014 and FY2015, sales increased 0.16%. A portion of the county's state sales is allocated to the local towns. The percentage of this allocation that each town receives is based on the school age population that resides in that township.



Housing

According to 2015 U.S. Census data, there were 7,350 total housing units (including rental apartments) located in the County of Northampton. Since 2010, Northampton County has seen a some growth in housing units as shown in the following table:

Year	2010	2011	2012	2013	2014	2015
# of Units	7,301	7,304	7,325	7,320	7,322	7,350

Source: U.S. Department of Commerce, Census Bureau, 2015 Census



The County's dependence on property tax revenue continues to increase. For FY16, property tax revenue generated 66.8% of General Fund revenues compared to 67.6% in FY15. Revenue in general is slightly up and thus the slight decrease as a percentage of total revenue

Travel and Tourism

Tourism remains one of the County's primary industries due to its location between the Atlantic Ocean and the Chesapeake Bay. According to the Virginia Division of Tourism, preliminary figures indicate that travel expenditures in the County exceeded \$75,940,666 in 2015 and approximately 808 tourism-related jobs are located in the County. Since 2014, travel expenditures increased by 3% and the number of tourism related jobs increased by 5%. Major tourism spots on the Eastern Shore of Virginia include the Assateague Island National Seashore, the Chincoteague National Wildlife Refuge, Kiptopeke State Park, the Eastern Shore National Wildlife Refuge and the NASA/Wallops Island Visitor Center.



Northampton County's tourism program is directed by the Eastern Shore of Virginia Tourism Commission, a joint commission created by the Boards of Supervisors of Accomack and Northampton Counties in 1984. The Commission's mission is to advertise, promote, and market the two counties as a vacation destination and is funded jointly by each County. Additional funding is provided by local businesses in the form of tax-deductible patronships. Beginning in FY08, Northampton County raised the transient occupancy tax on lodging from 2% to 5% and dedicated the additional 3% to fund tourism programs within the County. A portion of the funding is ear-marked for capital projects related to tourism within the County. Since FY09, a portion of these funds have been released as part of a local competitive grant program. The Eastern Shore Tourism Commission adopted a

strategy for tourism on the Eastern Shore of Virginia. The stated vision includes transforming Virginia's Eastern Shore into a well-known brand used to market everything from the tourism experience to farm produce and shellfish. The vision would also promote the Eastern Shore of Virginia as an environmental beacon, where family farms and historic villages co-exist with a teeming fishery, rich oyster and clam beds, and a vast wilderness of marsh and barrier islands of global ecological significance. The Tourism Commission intends to promote the development of a high dollar-low impact tourism industry which plays to the natural strengths of the shore, including its uniqueness. The Tourism Commission would encourage a vibrant tourist industry including eco-tourism, agri-tourism, and historical tourism to generate economic opportunities that capitalize on the special qualities of the shore.

Long-Term Financial Planning and Major Initiatives

On August 27, 2012, the Northampton Board of Supervisors adopted a 5 year strategic plan.

BACKGROUND:

Strategic planning in local government involves a structured, analytical approach to setting goals, defining objectives and strategically pursuing actions in furtherance of a shared community vision. Strategic planning extends beyond arbitrary administrative boundaries and traditional thinking. Strategic planning is often defined as "a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does and why it does it." The intent of a strategic retreat composed of the elected leadership of the community and the appointed department heads was to establish long-range goals, annual objectives and detailed strategies to address issues relating to performance, productivity and general improvement of the well-being of the community and work force.

PROCESS:

The Northampton County Board of Supervisors conducted a strategic retreat at the County's Emergency Operations Center on Saturday, March 10, 2012, facilitated by Eddie Swain, Dean of Workforce Development at the Eastern Shore Community College. The session focused on the following:

- Review of the existing Vision and Mission Statement
- Identify the Strengths, Weaknesses, Opportunities & Threats of the County
- Development of 4 Major Strategic Goals to achieve the vision and mission statement of the County.

The department heads and constitutional officers participated with the Board in the review of the Vision and Mission Statement and the Strengths, Weaknesses, Opportunities & Threats Assessment. With the establishment of the 4 major strategic goals, the Board directed the County Administrator to develop 3 to 4 major objectives to bring the strategic goal to fruition and to develop specific strategies & tasks for each major objective that are Specific, Measurable, Attainable, Reach (just out of), and Time bound (SMART) to serve as the plan to move the goal into reality.

VISION AND MISSION STATEMENT

The mission of the Northampton County Government is to provide the necessary services to protect the health, safety, welfare, environment and quality of life of our citizens consistent with the communities' values and priorities. This mission is accomplished by encouraging citizen involvement, by preserving the County's fiscal stability, traditional values and unity of our people through the implementation of effective and efficient government programs; consensus building; managing the County's natural, cultural, and historic resources; planning for the future; and representing citizen needs and desires to other levels of government.

STRATEGIC GOALS

- I. EDUCATION – Facilitate the development of a quality educational environment that provides for high-quality educational and job readiness skills all County residents
- II. ECONOMIC DEVELOPMENT – Create an environment where businesses are welcome and services are available to help them be prosperous.
- III. INFRASTRUCTURE – Develop an infrastructure system that improves our quality of life.
- IV. HEALTH CARE – Provide Emergency Medical Services and encourage and support adequate health care facilities, services and coverage for all citizens of the County, to the extent possible.

GOAL #1 – EDUCATION

Facilitate the development of a quality educational environment that provides for high-quality educational and job readiness skills for all County residents

OBJECTIVE #1: Develop mutually agreeable goals with the School Board.

STRATEGIES	<ul style="list-style-type: none">A. Support prevention and early intervention programs for children and youth most at risk.B. Implement universal pre-K programsC. Increase communication with the School Board on matters of importance to the community, including the following:<ul style="list-style-type: none">(a) Increase graduation rates across demographic categories.(b) Obtain accreditation for each school within the School District.(c) Develop a mutually acceptable Capital Plan for the School District.(d) Develop frequent and ongoing status reports on the approved capital projects, including reports on the conditions of the school facilities.D. Secure agreements between the School Board and the County to share costs and responsibilities where practical and when county cost savings can be realized. The range of programs and services amenable to possible collaboration include the purchase of supplies and equipment, vehicle procurement & maintenance, maintenance of physical plant and building grounds, financial management, personnel systems, insurance, audit services, and information technology services.
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OBJECTIVE #2: Develop a funding strategy for mutually-agreeable school capital improvement plan.

STRATEGIES	<ul style="list-style-type: none">A. Work with School Board in developing a feasibility study regarding the high school facility, including options for middle school location.B. Develop a comprehensive cost estimate through the feasibility study for the high school and update the existing capital plan for the two elementary schools.C. Utilize services of the county’s financial advisor to provide funding options and timelines to achieve implementation of the school capital improvement plan.
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OBJECTIVE #3: Continue funding at or above current per-student levels on an annual basis.

STRATEGIES	<ul style="list-style-type: none">A. Maintain funding at or above current per-student levels, using the Fiscal Year 2013 budget as base.B. Examine the impact of the Composite Index re-calculation each year and its budgetary impact.C. Develop a memorandum of understanding with the School Board that stipulates the county's financial commitment to public education, on a fiscal year basis, that the School Board can rely upon when developing the school budget.
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GOAL #2 – ECONOMIC DEVELOPMENT

Create an environment where businesses are welcome and services are available to help them be prosperous.

OBJECTIVE #1: Review and revise the zoning ordinance to promote business development.

STRATEGIES	<ul style="list-style-type: none">A. Complete the Comprehensive Plan.B. Review the zoning ordinance for consistency and compliance with the updated Comprehensive Plan.
-------------------	--

OBJECTIVE #2: Develop an Industrial Park.

STRATEGIES	<ul style="list-style-type: none">A. Develop list of available properties that meet the criteria developed by the Board of Supervisors for an industrial park.B. Evaluate and refine the list by ranking properties that are most suitable for development into an industrial park.C. Engage discussions with landowners for acquisition of property.D. Seek and apply for federal and state funds to develop property for industrial park purposes.
-------------------	---

OBJECTIVE #3: Develop Business Incentives that can be provided by the County to stimulate business recruitment, selection, location and development.

STRATEGIES	<ul style="list-style-type: none"> A. Develop and propose a Technology Zone for the County which would identify qualifying properties and provide incentives for the location of technology specific businesses within that zone. B. Develop and propose a Tourism Zone for the County would identify qualifying properties and provide incentives for the location of tourism specific businesses within that zone. C. Review and recommend additional incentives for the Enterprise Zone, relative to permit review and local taxation. D. Annually review the County’s tax structure and analyze its effectiveness and competitiveness with other similarly sized Virginia localities.
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<p align="center"><u>GOAL #3 – INFRASTRUCTURE</u></p> <p align="center">Develop an infrastructure system that improves our quality of life.</p>

OBJECTIVE #1: Promote broadband availability for business and residential use.

STRATEGIES	<ul style="list-style-type: none"> A. Engage the Eastern Shore of Virginia Broadband Authority in developing marketing materials that detail the location of high-speed broadband and the pricing of service. B. Partner with the Virginia Economic Development Partnership in marketing the availability of broadband in the County. C. Work with local internet service providers in removing any barriers (zoning or otherwise) that may impede the offering of broadband to our businesses and residents.
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OBJECTIVE #2: Provide water and sewer to Northern and Southern Nodes of the County in a financially responsible way.

STRATEGIES	<ul style="list-style-type: none"> A. Support the Public Service Authority with staffing assistance. B. Assist the Public Service Authority in seeking grant funding opportunities for water and sewer system development and construction. C. Examine feasibility of special tax districts to assist in the development of water and sewer infrastructure. D. Participate in outreach to the County residents, businesses and incorporated towns regarding the need, impact and cost of proposed water and sewer systems.
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GOAL #4 – HEALTH CARE

Provide Emergency Medical Services and encourage and support adequate health care facilities, services and coverage for all citizens of the County, to the extent possible.

OBJECTIVE # 1: Ensure the County has a 24/7 Emergency care facility located in the County.

STRATEGIES	<ul style="list-style-type: none">A. Ascertain final plans from Riverside as to what remaining medical services and facilities will continue to be provided at the Nassawadox campus.B. Partner with Eastern Shore Health District and the Accomack-Northampton Planning District to determine what health services need to be solicited to adequately service Northampton County for emergency care.
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OBJECTIVE #2: Strongly support EMS services.

STRATEGIES	<ul style="list-style-type: none">A. Review and implement the state Fire and EMS Study, commissioned in 2011, as it relates to EMS service.B. Complete feasibility study for renovation of former Middle School property as new location for the Northampton EMS Department.C. Review and evaluate the effectiveness of the County-operated ambulance in relation to the volunteer ambulance coverage.D. Secure formal, written agreements with volunteer fire and rescue stations, including performance standards, to address issues of concern such as timely grant reporting, etc.
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OBJECTIVE #3: Partner with Riverside Shore Memorial Hospital for a redevelopment plan for its present facilities.

STRATEGIES	<ul style="list-style-type: none">A. Engage the Riverside Shore Memorial Hospital Board of Directors and Executive Management of Riverside in discussions concerning the scope of the medical services and facilities in Northampton County.B. Work with the Riverside Shore Memorial Hospital Board of Directors, the Executive Management of Riverside and the Nassawadox Town Council in identifying re-use possibilities for the property and any facilities that will not have a continued purpose for delivery of medical services.
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Relevant Financial Policies

The adopted fund balance policy states that unreserved fund balance should not fall below 10% of the combined operating expenditures of the General, Social Services, Eastern Shore Regional Jail and School Operating Funds (less interfund transfers). In addition, as a condition of its bond with the Virginia Resource Authority (VRA), the County pledges to maintain its General Fund unassigned fund balance equal to a minimum of \$4,200,000 for FY2013 and annually thereafter through the term of the Lease with VRA through 2033.

Relevant Financial Policies

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At June 30, 2016, unreserved, undesignated general fund balance was \$7,763,364 or 19.64%. If at any time the unreserved fund balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenditures in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level. The adopted Debt Service Policy established a limit of 4% for debt as a percentage of assessed value of real estate. The ratio of debt service expenditures as a percent of governmental fund expenditures is similarly limited to 12%.

Awards & Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Northampton for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements.

This report reflects the results of the Board of Supervisors' strong financial policies. The Board's support and cooperation in planning and conducting the financial operations of the County is acknowledged and appreciated.

We also acknowledge and extend special recognition to the staffs of the Finance and Treasurer's departments for their efficient and dedicated service to the County. Their efforts to maintain the accounting and financial reporting system of the County have led to the high quality of information being reported to the Board of Supervisors and citizens of the County, as well as present and potential investors.

Respectfully submitted,


John J. Andrzejewski
Interim County Administrator


John J. Andrzejewski
Director of Finance

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To The Honorable Members of the Board of Supervisors
County of Northampton
Northampton, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 72, *Fair Value Measurement and Application*, 79 *Certain External Investment Pools and Pool Participants*, and 82 *Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension funding on pages 4-13, 90-91, and 92-97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Northampton, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information (continued)

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016, on our consideration of County of Northampton, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Northampton, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 22, 2016

Management's Discussion and Analysis

As management of the County of Northampton (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ix through xxiii of this report.

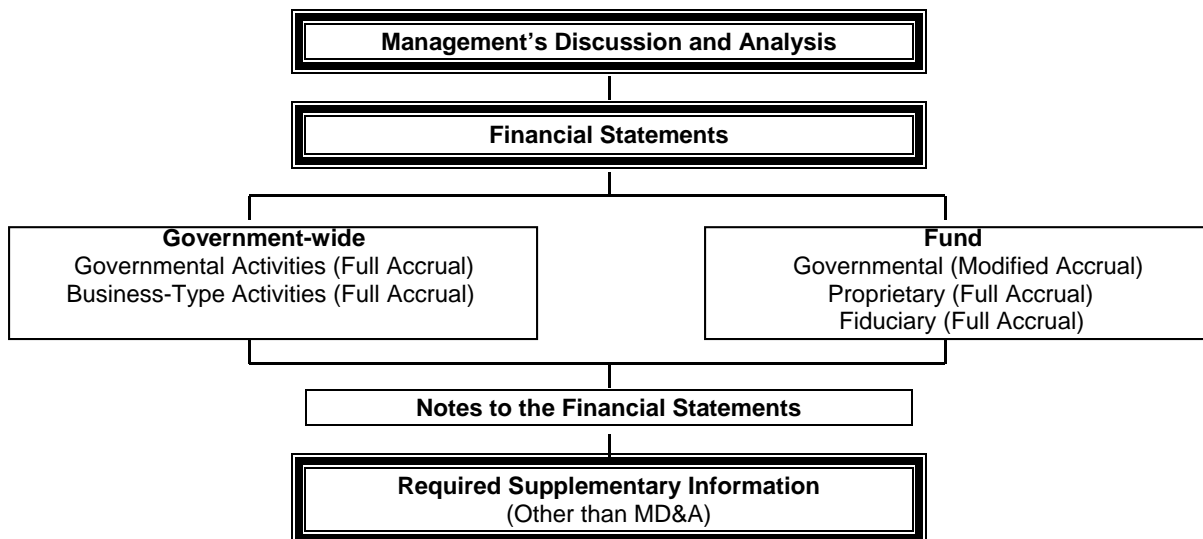
Financial Highlights

- The assets of the County of Northampton (primary government) exceeded its liabilities at the close of the most recent fiscal year by \$25,296,152 (*net assets*). The County's net investment in capital assets increased from \$13,002,316 to \$13,311,004. Unrestricted net assets increased by \$1,390,545 from FY15.
- At June 30, 2016, the Unassigned General Fund balance was \$7,763,364 or 19.64% of actual operating expenditures as defined by the County's fund balance policy. Total general fund balance decreased by \$164,103 from FY 15.
- On a government-wide basis for governmental activities the County had expenses net of program revenues of \$21,721,911 which were \$1,432,063 less than the general revenues of \$23,153,974.
- On a government-wide basis for business-type activities the County had revenues net of program expenses of \$16,901.

Using the Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance. As illustrated in the chart below, the financial section of this report has three components: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

Components of the Financial Section



The County's financial statements present two different kinds of statements (government-wide and fund), with two different approaches and views of the County's finances. The government-wide statements provide information on the overall financial status of the County. This method is more comparable to the method used in private industry. The fund financial statements focus on the individual funds of the County government, reporting the operations in more detail than the government-wide statements. When presented in a single report, both perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance the County's accountability.

Government-wide Financial Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. These statements include all assets and liabilities using the accrual method of accounting. All of the year's revenue and expenses are taken into account regardless of when the cash is received or paid.

The two government-wide statements, the Statement of Net Assets and the Statement of Activities, report the County's net assets and changes in them. The County's net assets can be thought of as the difference between assets and liabilities, which is one way to measure the County's financial position. Over time, increases and decreases in net assets can be one indicator that the County's financial health is improving or deteriorating.

The Statement of Net Assets presents information on all the County's assets and liabilities. As discussed earlier, the difference between assets and liabilities is reported as net assets. Net assets are presented in three categories: net investment in capital assets, restricted, and unrestricted. To accurately use changes as an indicator of the County's financial health, the factors that contribute to the increases and decreases must be analyzed. Other factors such as the County's tax rate, changes in the property tax base, and the condition of capital assets must also be considered when using the Statement of Net Assets as a financial indicator.

The Statement of Activities provides information on how the net assets changed during the year. Since the government-wide financial statements use the accrual method of accounting, changes in net assets are recognized when an event occurs, regardless of the timing of cash. This will result in revenues and expenses being reported in this statement for some items that will not impact cash flow until a later time in another fiscal period.

The Statement of Net Assets and the Statement of Activities are divided into the following types of activities:

- **Governmental Activities:** These activities are supported primarily by property taxes and report the County's basic services such as general and judicial administration, public safety, parks and recreation, and community development.
- **Business-Type Activities:** These activities charge fees to customers to help cover the costs of the service. The County's Public Utilities Fund is its only business-type activity at the current time.
- **Component Units:** The Northampton County Public School Board is a component unit of the County. Component units are legally separate entities, but are reported in the County's financial statements because the County is financially accountable and provides operating and capital funding.

Fund Financial Statements

Fund financial statements are the traditional governmental financial statements. They focus on the most significant funds instead of the County as a whole. Northampton County operates three types of funds.

- Governmental Funds: The governmental funds report most of the County's basic services. The governmental funds serve essentially the same function as the governmental activities in the government-wide financial statements. The governmental fund financial statements focus on near-term cash flows and the amount of spendable resources available at the end of the fiscal year. It provides the reader a short-term view of the financial position. Since the information provides a narrow focus, the government-wide statements will provide additional information. Reconciliation from the fund statements is provided to facilitate this comparison.
- Proprietary Funds: There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise funds report the same functions as the business-type activities in the government-wide financial statements. Internal service funds account for the goods and services provided by one department or agency to other departments or agencies of the County. The County of Northampton currently has one Enterprise Fund and no Internal Service Funds.
- Fiduciary Funds: Fiduciary funds are used to report assets held in trustee or agency capacity for others and cannot be used to support the government's own programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The County's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. Assets for several scholarships, the Northampton 911 Commission, Tourism Commission, VA Broadband Authority, IDA, and Special Welfare are held in fiduciary funds. These fiduciary activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-89 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Northampton County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 93-97 of this report.

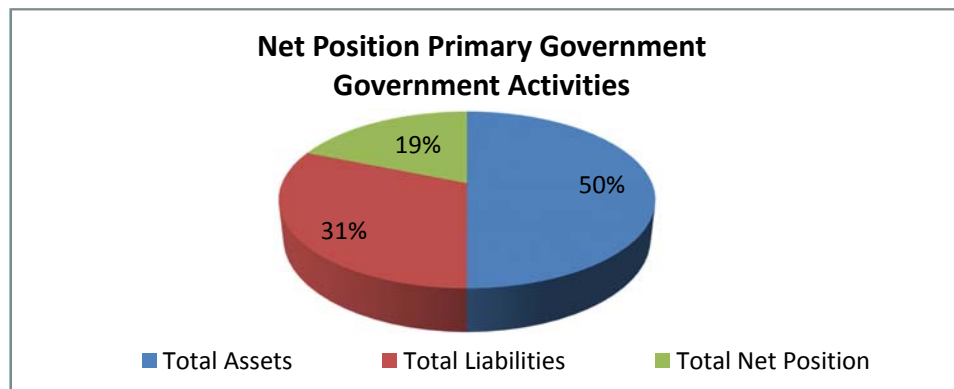
The combining statements in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 98-122 of this report.

Government-wide Financial Analysis

The following table presents the condensed Statement of Net Position:

Northampton County, VA Summary Statement of Net Position

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2015	2016	2015	2016	2015	2016
Current and Other Assets	\$ 18,472,859	\$ 19,032,265	\$ 25,193	\$ 30,650	\$ 3,103,571	\$ 2,916,454
Capital Assets (net)	47,174,897	44,962,892	-	18,036	3,706,206	4,293,171
Total Assets	65,647,756	63,995,157	25,193	48,686	6,809,777	7,209,625
Deferred outflows of resources	\$ 778,827	\$ 799,799	-	\$ 17,106	\$ 1,252,900	\$ 1,418,439
Long-term Liabilities	36,820,992	35,249,380	-	21,952	16,436,317	16,536,872
Other Liabilities	4,176,915	3,515,054	15,632	17,378	2,408,883	2,209,733
Total Liabilities	40,997,907	38,764,434	15,632	39,330	18,845,200	18,746,605
Deferred inflows of resources	\$ 1,742,110	\$ 734,370	-	-	\$ 2,686,221	\$ 1,763,427
Net Assets:						
Net investment in capital assets	13,002,316	13,311,004	-	18,036	2,883,991	3,796,911
Restricted	3,005,354	2,915,707	-	-	-	-
Unrestricted	7,678,896	9,069,441	9,561	8,426	(16,352,735)	(15,678,879)
Total Net Assets	\$ 23,686,566	\$ 25,296,152	\$ 9,561	\$ 26,462	\$ (13,468,744)	\$ (11,881,968)



The Primary Government's governmental combined net assets increased by \$1,609,586, from \$23,864,089 (as restated) to \$25,296,152. The Primary Government's governmental unrestricted net assets increased from \$7,678,896 to \$9,069,441. This was largely due to collection of delinquent general property tax and a decrease in expenditures. Due to the implementation of the planned operations, the proprietary fund ended the year with assets and deferred outflows in excess of its liabilities by \$26,462.

Northampton County, VA
Summary Statement of Changes in Net Assets

	Primary Government				Component Unit	
	Governmental Activities		Business-type Activities		School Board	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues						
Charges for Service	\$ 1,584,409	\$ 1,585,365	\$165,486	\$ 180,235	\$ 322,593	\$ 300,628
Operating Grants & Contributions	6,137,361	6,080,273	-	-	11,602,522	11,476,396
Capital Grants & Contributions		52,577	-	-	-	-
General Revenues						-
Real Estate & Personal Property Taxes	16,695,685	17,065,329	-	-	-	-
Other Taxes	2,506,479	2,709,469	-	-	-	-
Unrestricted Revenue from use of money and property	77,791	174,263	-	-	-	-
Grants and Contributions not restricted to specific programs	2,012,975	1,975,885	-	-	-	-
			-	-	-	-
Miscellaneous	166,823	237,483	-	-	329,725	205,490
Transfers	394,521	991,545	-	22,018	8,153,338	9,351,264
Total Revenues	29,576,044	30,872,189	165,486	202,253	20,408,178	21,333,778
Expenses:						
General Administration	2,654,848	2,413,847	-	-	-	-
Judicial Administration	808,280	827,333	-	-	-	-
Public Safety	8,723,916	8,739,709	-	-	-	-
Public Works	2,006,016	2,545,525	-	-	-	-
Public Utilities	-		165,348	185,352	-	-
Health & Welfare	2,885,030	2,859,742	-	-	-	-
Education	9,587,332	10,018,401	-	-	19,627,073	19,569,479
Parks, Recreation, and Cultural	356,931	384,855	-	-	-	-
Community Development	1,153,095	953,284	-	-	-	-
Interest on long-term debt	765,128	697,430	-	-	-	-
Total Expenses	28,940,576	29,440,126	165,348	185,352	19,627,073	19,569,479
Change in Net Assets	635,468	1,432,063	138	16,901	781,105	1,764,299
Net Assets, Beginning, as restated	23,051,098	23,864,089	9,423	9,561	(14,249,849)	(13,646,267)
Net Assets, Ending	\$ 23,686,566	\$ 25,296,152	\$ 9,561	\$ 26,462	(13,468,744)	(11,881,968)

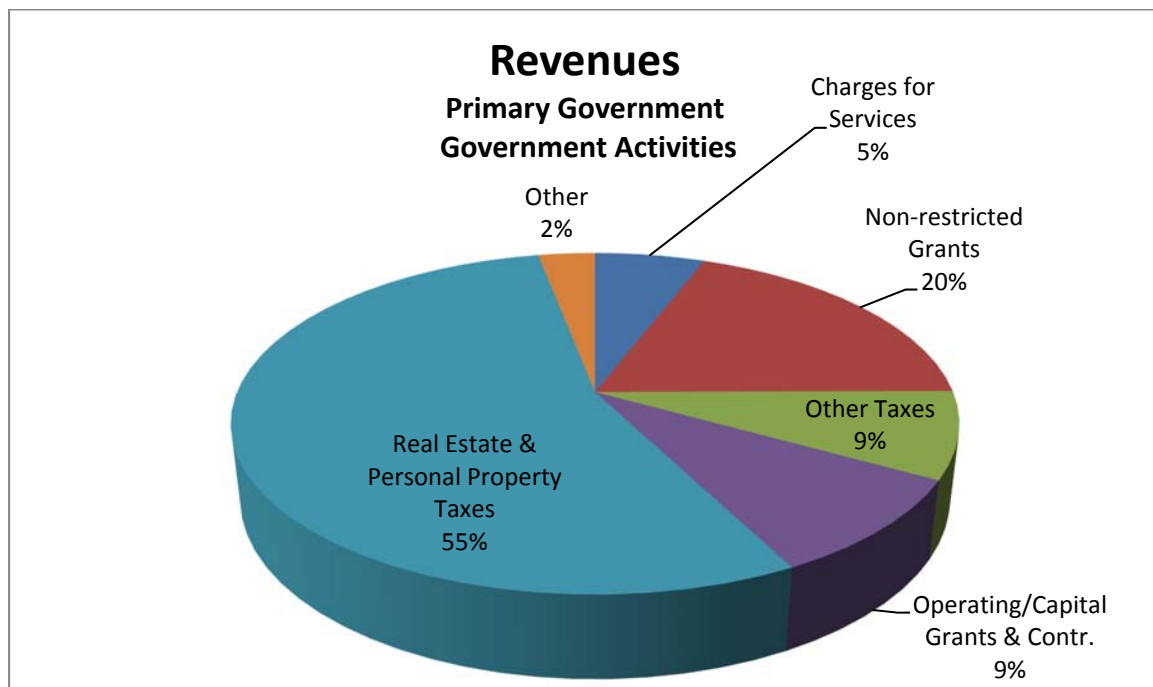
Revenues

For the fiscal year ended June 30, 2016, revenues generated by the Primary Government's governmental activities totaled \$30,872,189. General property taxes, the County's largest revenue source, were \$17,065,329. Included in this total are real and personal property levies, which are due on December 5th each year. The real estate tax rate for FY16 was \$0.68.05 per \$100 of assessed value. The FY16 tax rate increased from the FY15 rate of \$0.6728 per \$100 of assessed value.

FY16 continues to reflect the changes in the Personal Property Tax Relief Act (PPTRA) that were approved by the General Assembly in 2005. This legislation capped the amount localities receive from the state. The new legislation established a fixed amount to be provided to localities for funding tax relief for vehicles valued at less than \$20,000. The new PPTRA became effective with the 2006 tax year and is based on the amount collected for 2004 taxes through December 2005. The total amount Northampton County receives under the new program is \$1,421,967. This amount enabled the County to provide car tax relief of 60% up to the first \$20,000 in value for FY16.

The other local tax category includes sales tax, consumer utilities tax, motor vehicle licenses, occupancy tax, recordation tax, and food and beverage tax. This category of income reflects an overall increase of \$202,990 from the previous year amount of \$2,709,469. This increase was due to an increase in Sales Tax, Transient Occupancy Tax, and Food and Beverage Tax revenues.

Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues for governmental activities were \$7,718,215. Program revenues in the governmental funds include a "charges for services" category that totaled \$1,585,365 and includes charges for waste disposal, recreation programs, and building permits. This category increased by \$956 from the previous fiscal year.



Expenses

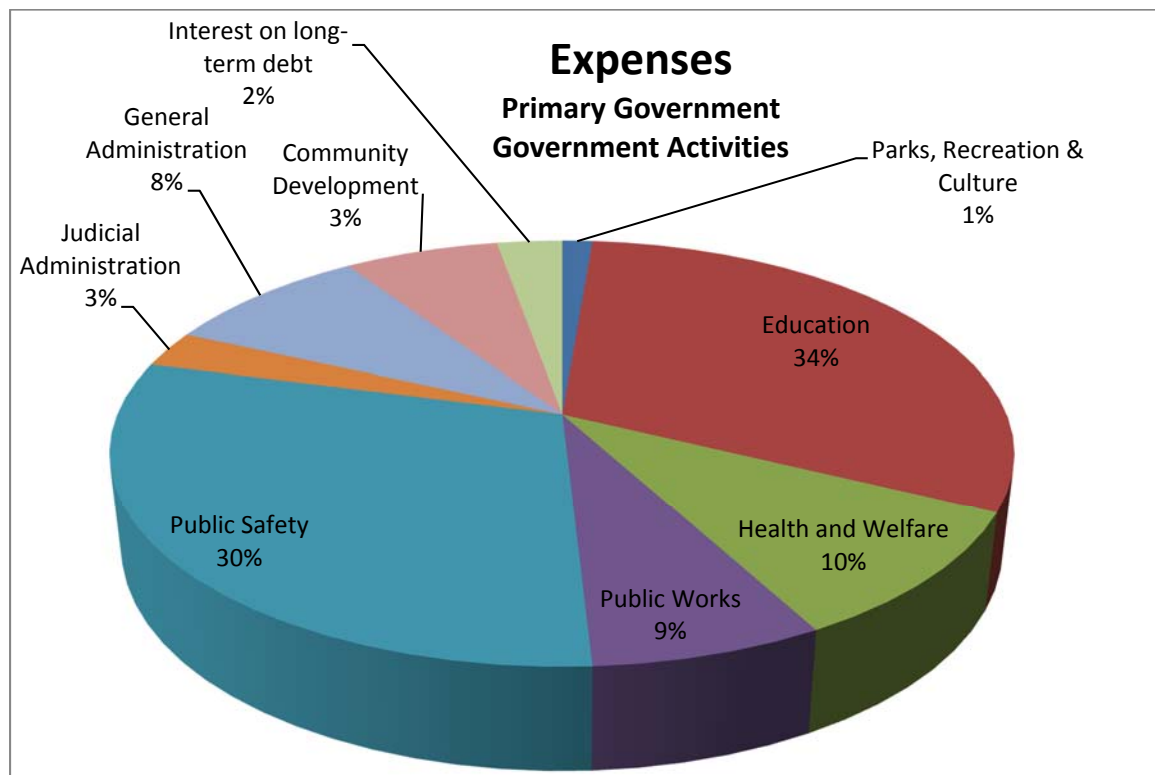
For the fiscal year ended June 30, 2016, expenses for governmental activities totaled \$29,440,126, an increase of \$499,550 from FY15. The reason for the increase in expenses over FY15 is due to increases in Public Works and Education. For FY16, interest expense on long-term debt was \$67,698 less than FY15.

Personnel expenses for FY16 included a 2% Cost of Living Allowance (COLA) which became effective September 1, 2015 for all employees (County, Constitutional and State Sponsored: full & part-time). The county's health insurance plan continues to receive increased usage which resulted in an increase in the annual premium. However, the county contribution remained at \$7,003.68 per employee. The employer contribution into the Virginia Retirement System decreased in FY16 to 8.16% of the employees' salary.

Education expenses increased by \$431,069 in FY16 compared to FY15. This is a 4.5% increase when compared to the FY 15 education expenses.

Community Development expenses decreased by \$199,811. This was mostly due to decreases in Code Enforcement expenses.

The County's Proprietary Fund reflects a total of \$185,352 in expenses. The county received adequate revenue from charges for the related service to offset the related expenses.



Financial Analysis of the Government's Funds

As noted earlier, the County of Northampton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

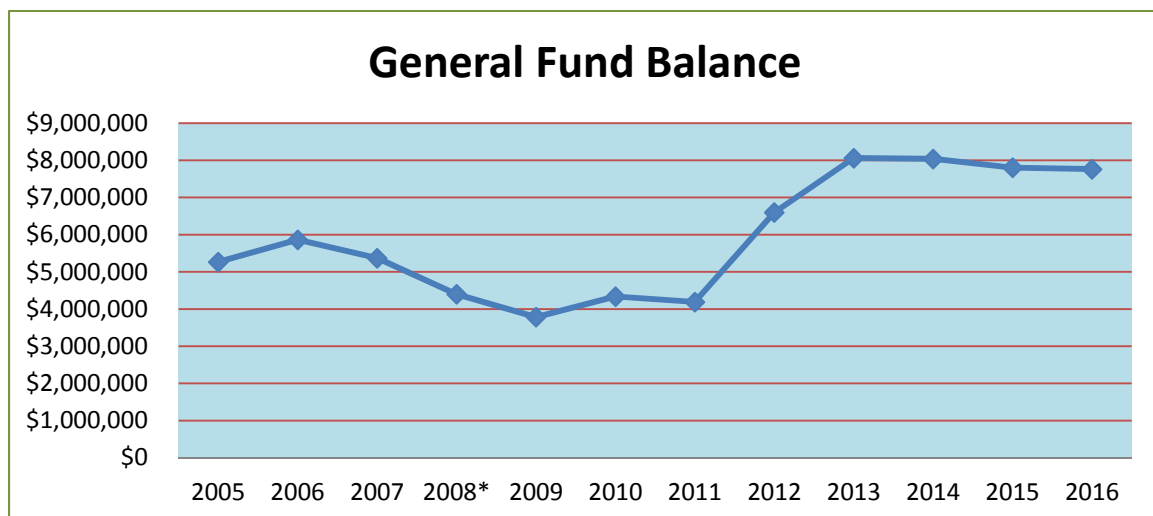
For the fiscal year ended June 30, 2016, the County's governmental funds reflect a combined fund balance of \$16,451,936, most of which is restricted, committed or assigned for specific purposes such as capital outlay and debt service. This is an increase of \$785,620 from FY15. Fund balance in the General Fund decreased of \$164,103.

When fund balance is used, it can be identified under two categories: one-time, capital items and operational budget funding. Historically, fund balance has not been utilized to support the operational departmental Budget; however the Board of Supervisors determined that the use of fund balance to assist in the budget development was in keeping with their financial policies and goals to maintain a reasonable tax structure while staying in guidelines of its adopted policy.

The Social Service and School Funds have not historically accumulated a separate fund balance (except for sick leave liability, a small amount designated for scholarships, etc.); therefore general fund balance must be sufficient to cover unexpected cash flow needs and lagging revenue collections in those funds when necessary. For Fiscal Year 2016, the Board took action that any unspent appropriations in the School Operating Fund would be transferred to the School's Capital Fund (Fund 395) and shall be utilized for funding projects in the adopted School's Capital Improvement Plan.

Fund Balances in the capital project funds fluctuated with the issuance of new debt and the on-going project expenses of each fund.

In the General Fund, unassigned fund balance is \$7,763,364 compared to \$7,804,166 for FY15. The Board of Supervisors revised the fund balance policy which increased the minimum level of acceptable unassigned General Fund balance from 8% to 10% of the combined actual operating expenditures of the General Fund, Department of Social Service Fund, Eastern Shore Regional Jail Fund and School Operating Funds (net of interfund transfers). At June 30, 2016, the unassigned General Fund balance was 19.64% of actual operating expenditures as defined in the policy. If at any time the unassigned fund balance falls below the minimum acceptable amount, appropriate action will be taken by the Board to either increase revenues or reduce expenses in the current fiscal year in order to bring the next year's fund balance amount to an acceptable level.



General Fund Budgetary Highlights

Differences between the original operating budget and the final operating budget resulted in a net increase of \$780,535 in additional appropriations. Highlights of the budget amendments are as follows:

- Capital investment to satisfy the USDA grant.
- Above budgeted costs for contracted juvenile detention.
- 1% bonus to all employees.
- EMS Quick Response vehicle.
- Additional postage for zoning and reassessment.
- New bus route.

Capital Assets

The County of Northampton's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$44,962,892 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and systems, improvements, machinery and equipment, harbor, and park facilities.

Northampton County, VA Primary Government Change in Capital Assets

	Balance June 30, 2015	Net Increase/ (Decrease)	Balance June 30, 2016
Governmental Activities:			
Non-Depreciable Assets:			
Land and Land Improvements	\$ 2,377,532	\$ 168,964	\$ 2,546,496
Construction in Progress	40,565	-	40,565
Jointly Owned Land	134,600	-	134,600
Other Capital Assets:			
Buildings	48,519,452	1,973	48,521,425
Furniture and Other Equipment	4,250,616	(78,103)	4,172,513
Improvements other than buildings	1,394,827	29,506	1,424,333
Jointly Owned Improvements	14,221,590	(47,746)	14,173,844
Less: Accumulated Depreciation	(23,764,285)	(2,286,599)	(26,050,884)
Net Capital Assets	\$ 47,174,897	\$ (2,212,005)	\$ 44,962,892

School Board capital assets are jointly owned by the County (Primary Government) and the Component Unit (School Board) for as long as the County owes general obligation debt on such assets. The County reports depreciation on these assets as an element of its share of the costs of the public school system. Readers desiring more detailed information on capital asset activity should refer to Note 5 on pages 41-44 in the notes to the financial statements.

Long-Term Debt

The County operates debt service funds for debt associated with the school system and other general debt including the County Complex, Regional Jail, Landfill Closure and Transfer Station. Funding for the repayment of school debt comes directly from the County's General Fund. For the remaining debt, debt service is funded in accordance with a plan developed by the County's financial advisors. The County is currently contributing to a debt service fund which is designed to cover all current and future debt service anticipated as part of the County's Capital Improvement Plan. For FY16, in accordance with the plan, fourteen cents of the property tax levy was transferred to this fund to adequately cover the required debt service. Revenues in the General Debt Service Fund are generated through a combination of the special tax levy, growth in the existing tax base; savings achieved through the bond program and rent payments from the department of Social Services for their new building.

The County and School occasionally uses short-term lease-purchase financing (capital leases) to acquire large equipment items as approved in the annual operating budget process. During fiscal year 2016, the School Board entered into \$355,926 of capital lease for the acquisition school buses and equipment.

The Constitution of Virginia, Article VII, Section 10, and the Public Finance Act provide the authority for a County to issue General Obligation (GO) Debt with no limit on the amount of GO Debt that a County may issue. The Northampton County Board of Supervisors adopted a local policy during FY05 which states that the ratio of debt service expenditures as a percentage of governmental fund expenditures should not exceed 12%. For FY16, this ratio was approximately 8.28%. The policy also set a limit for total outstanding debt at no more than 4% of the assessed value of real estate. For FY16, this ratio was approximately 1.23%.

All debt secured by the general obligation of the County must be approved by the Board of Supervisors and a public referendum, with the exception of Virginia Public School Authority (VPSA) Bonds and State Literary Fund Loans which do not need approval by referendum.

The Primary Government's outstanding debt at July 1, 2016 is as follows:

General

Lease-Purchase Obligations	\$ -
2012 Bond VRA Refinancing	<u>21,875,000</u>

Subtotal	\$ 21,875,000
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Schools

Lease-Purchase Obligations (School Operating Fund)	\$ 496,260
2001, 2003 & 2006 QZABs	4,356,595
Literary Loans	72,783
2012 VPSA Gen. Obligation School Bond	<u>1,115,000</u>

Subtotal	\$ 6,040,638
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Grand Total	<u>\$ 27,915,638</u>
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Additional information on the County's long-term debt can be found in Note 7 on pages 46-53 of this report.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to John J. Andrzejewski, Director of Finance. PO Box 66, Eastville, VA 23347, telephone 757-678-0444, e-mail jandrzejewski@co.northampton.va.us or visit the County's web site at www.co.northampton.va.us.

Statement of Net Position
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 13,812,449	\$ 24,683	\$ 13,837,132	\$ 1,967,301
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,387,988	-	1,387,988	-
Accounts receivable	235,468	5,967	241,435	53,540
Due from other governmental units	842,565	-	842,565	777,405
Prepaid items	1,748	-	1,748	118,208
Restricted assets:				
Cash and cash equivalents (in custody of others)	2,752,047	-	2,752,047	-
Capital assets (net of accumulated depreciation):				
Land	2,681,096	-	2,681,096	238,676
Buildings and improvements	40,269,326	-	40,269,326	691,346
Improvements other than buildings	1,029,168	-	1,029,168	1,029,359
Machinery and equipment	942,737	18,036	960,773	2,333,790
Construction in progress	40,565	-	40,565	-
Total assets	<u>\$ 63,995,157</u>	<u>\$ 48,686</u>	<u>\$ 64,043,843</u>	<u>\$ 7,209,625</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 766,726	\$ 6,066	\$ 772,792	\$ 1,380,956
Items related to measurement of net pension liability	33,073	11,040	44,113	37,483
Total deferred outflows of resources	<u>\$ 799,799</u>	<u>\$ 17,106</u>	<u>\$ 816,905</u>	<u>\$ 1,418,439</u>
LIABILITIES				
Accounts payable	\$ 635,761	\$ 13,335	\$ 649,096	\$ 296,299
Accrued liabilities	710,241	3,398	713,639	1,591,698
Accrued interest payable	280,910	-	280,910	-
Long-term liabilities:				
Due within one year	1,888,142	645	1,888,787	321,736
Due in more than one year	35,249,380	21,952	35,271,332	16,536,872
Total liabilities	<u>\$ 38,764,434</u>	<u>\$ 39,330</u>	<u>\$ 38,803,764</u>	<u>\$ 18,746,605</u>
DEFERRED INFLOWS OF RESOURCES				
Items related to measurement of net pension liability	\$ 713,287	\$ -	\$ 713,287	\$ 1,763,427
Deferred revenue - property taxes	21,083	-	21,083	-
Total deferred inflows of resources	<u>\$ 734,370</u>	<u>\$ -</u>	<u>\$ 734,370</u>	<u>\$ 1,763,427</u>
NET POSITION				
Net investment in capital assets	\$ 13,311,004	\$ 18,036	\$ 13,329,040	\$ 3,796,911
Restricted:				
Forfeited assets	109,948	-	109,948	-
HMGP home elevation projects	4,615	-	4,615	-
CDBG projects	37,651	-	37,651	-
Purchase of development rights	11,446	-	11,446	-
Debt service and bond covenants	2,752,047	-	2,752,047	-
Unrestricted (deficit)	9,069,441	8,426	9,077,867	(15,678,879)
Total net position	<u>\$ 25,296,152</u>	<u>\$ 26,462</u>	<u>\$ 25,322,614</u>	<u>\$ (11,881,968)</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF NORTHAMPTON, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,413,847	\$ -	\$ 216,058	\$ -
Judicial administration	827,333	654,510	2,677,158	-
Public safety	8,739,709	304,566	1,177,218	-
Public works	2,545,525	575,089	39,956	-
Health and welfare	2,859,742	-	1,914,940	-
Education	10,018,401	-	-	52,577
Parks, recreation, and cultural	384,855	51,200	-	-
Community development	953,284	-	54,943	-
Interest on long-term debt	697,430	-	-	-
Total governmental activities	\$ 29,440,126	\$ 1,585,365	\$ 6,080,273	\$ 52,577
Business-type activities:				
Public utilities	\$ 185,352	\$ 180,235	\$ -	\$ -
Total business-type activities	\$ 185,352	\$ 180,235	\$ -	\$ -
Total primary government	\$ 29,625,478	\$ 1,765,600	\$ 6,080,273	\$ 52,577
COMPONENT UNITS:				
School Board	\$ 19,569,479	\$ 300,628	\$ 11,476,396	\$ -
Total component units	\$ 19,569,479	\$ 300,628	\$ 11,476,396	\$ -
General revenues:				
General property taxes				
Local sales and use tax				
Consumer utility tax				
Motor vehicle licenses				
Restaurant food taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from Northampton County				
Payment from Northampton County School Board				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

The notes to the financial statements are an integral part of this statement.

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (2,197,789)	\$ -	\$ (2,197,789)	\$ -
2,504,335	-	2,504,335	-
(7,257,925)	-	(7,257,925)	-
(1,930,480)	-	(1,930,480)	-
(944,802)	-	(944,802)	-
(9,965,824)	-	(9,965,824)	-
(333,655)	-	(333,655)	-
(898,341)	-	(898,341)	-
(697,430)	-	(697,430)	-
<u>\$ (21,721,911)</u>	<u>\$ -</u>	<u>\$ (21,721,911)</u>	<u>\$ -</u>
\$ -	\$ (5,117)	\$ (5,117)	\$ -
\$ -	\$ (5,117)	\$ (5,117)	\$ -
<u>\$ (21,721,911)</u>	<u>\$ (5,117)</u>	<u>\$ (21,727,028)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (7,792,455)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,792,455)</u>
\$ 17,065,329	\$ -	\$ 17,065,329	\$ -
1,178,112	-	1,178,112	-
318,769	-	318,769	-
373,959	-	373,959	-
314,912	-	314,912	-
523,717	-	523,717	-
174,263	-	174,263	-
237,483	-	237,483	205,490
1,975,885	-	1,975,885	-
-	-	-	9,351,264
1,013,563	-	1,013,563	-
(22,018)	22,018	-	-
<u>\$ 23,153,974</u>	<u>\$ 22,018</u>	<u>\$ 23,175,992</u>	<u>\$ 9,556,754</u>
\$ 1,432,063	\$ 16,901	\$ 1,448,964	\$ 1,764,299
23,864,089	9,561	23,873,650	(13,646,267)
<u>\$ 25,296,152</u>	<u>\$ 26,462</u>	<u>\$ 25,322,614</u>	<u>\$ (11,881,968)</u>

Balance Sheet
Governmental Funds
June 30, 2016

	General	Eastern Shore Regional Jail	Debt Service	Capital Projects	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 7,731,974	\$ 201,232	\$ 779,624	\$ 4,955,841	\$ 383,504	\$ 14,052,175
Receivables (net of allowance for uncollectibles):						
Taxes receivable	1,387,988	-	-	-	-	1,387,988
Accounts receivable	234,971	497	-	-	-	235,468
Due from other governmental units	501,188	222,243	-	-	119,134	842,565
Prepaid items	1,748	-	-	-	-	1,748
Restricted assets:						
Cash and cash equivalents	-	-	2,752,047	-	-	2,752,047
Total assets	<u>\$ 9,857,869</u>	<u>\$ 423,972</u>	<u>\$ 3,531,671</u>	<u>\$ 4,955,841</u>	<u>\$ 502,638</u>	<u>\$ 19,271,991</u>
LIABILITIES						
Liabilities:						
Accounts payable	\$ 432,380	\$ 138,699	\$ -	\$ (520)	\$ 65,202	\$ 635,761
Accrued liabilities	519,185	126,138	-	-	64,918	710,241
Reconciled overdraft	-	-	-	-	239,726	239,726
Unearned revenue	-	159,135	-	-	-	159,135
Total liabilities	<u>\$ 951,565</u>	<u>\$ 423,972</u>	<u>\$ -</u>	<u>\$ (520)</u>	<u>\$ 369,846</u>	<u>\$ 1,744,863</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 1,075,192	\$ -	\$ -	\$ -	\$ -	\$ 1,075,192
Total deferred inflows of resources	<u>\$ 1,075,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,075,192</u>
Fund balances:						
Nonspendable	\$ 1,748	\$ -	\$ -	\$ -	\$ -	\$ 1,748
Restricted	-	-	2,752,047	-	163,660	2,915,707
Committed	-	-	779,624	4,956,361	-	5,735,985
Assigned	66,000	-	-	-	160,978	226,978
Unassigned	7,763,364	-	-	-	(191,846)	7,571,518
Total fund balances	<u>\$ 7,831,112</u>	<u>\$ -</u>	<u>\$ 3,531,671</u>	<u>\$ 4,956,361</u>	<u>\$ 132,792</u>	<u>\$ 16,451,936</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,857,869</u>	<u>\$ 423,972</u>	<u>\$ 3,531,671</u>	<u>\$ 4,955,841</u>	<u>\$ 502,638</u>	<u>\$ 19,271,991</u>

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 16,451,936
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 71,013,776	
Accumulated depreciation	<u>(26,050,884)</u>	44,962,892

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Unavailable revenue - property taxes	\$ 1,054,109	
Unavailable revenue - jail telephone commissions	159,135	
Items related to measurement of net pension liability	<u>(713,287)</u>	499,957

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and therefore, are not reported in the funds.

766,726

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and loans payable	\$ (31,651,888)	
Accrued interest payable	(280,910)	
Net OPEB obligation	(414,719)	
Net pension liability	(1,639,491)	
Items related to measurement of net pension liability	33,073	
Landfill post-closure liability	(2,771,303)	
Compensated absences	<u>(660,121)</u>	<u>(37,385,359)</u>

Net position of governmental activities	\$ <u>25,296,152</u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF NORTHAMPTON, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Eastern Shore Regional Jail	Debt Service
REVENUES			
General property taxes	\$ 17,212,661	\$ -	\$ -
Other local taxes	2,709,469	-	-
Permits, privilege fees, and regulatory licenses	168,928	-	-
Fines and forfeitures	442,889	-	-
Revenue from the use of money and property	12,583	-	161,680
Charges for services	960,741	12,807	-
Miscellaneous	171,664	218	-
Recovered costs	239,466	2,156	161,139
Intergovernmental:			
Local government	-	-	-
Commonwealth	3,739,208	2,196,508	-
Federal	128,096	-	-
Total revenues	\$ <u>25,785,705</u>	\$ <u>2,211,689</u>	\$ <u>322,819</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,150,567	\$ -	\$ -
Judicial administration	677,613	-	-
Public safety	4,680,443	3,559,703	-
Public works	2,130,659	-	-
Health and welfare	597,790	-	-
Education	8,754,047	-	-
Parks, recreation, and cultural	366,068	-	-
Community development	937,831	-	-
Capital projects	-	-	-
Debt service:			
Principal retirement	92,970	-	2,176,280
Interest and other fiscal charges	1,315	-	1,126,264
Total expenditures	\$ <u>20,389,303</u>	\$ <u>3,559,703</u>	\$ <u>3,302,544</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>5,396,402</u>	\$ <u>(1,348,014)</u>	\$ <u>(2,979,725)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 192,484	\$ 1,348,014	\$ 2,891,697
Transfers out	(5,752,989)	-	-
Total other financing sources (uses)	\$ <u>(5,560,505)</u>	\$ <u>1,348,014</u>	\$ <u>2,891,697</u>
Net change in fund balances	\$ (164,103)	\$ -	\$ (88,028)
Fund balances - beginning, as restated	7,995,215	-	3,619,699
Fund balances - ending	\$ <u>7,831,112</u>	\$ <u>-</u>	\$ <u>3,531,671</u>

The notes to the financial statements are an integral part of this statement.

Exhibit 5

	Capital Projects	Other Governmental Funds	Total
\$	-	\$ -	\$ 17,212,661
	-	-	2,709,469
	-	-	168,928
	-	-	442,889
	-	-	174,263
	-	-	973,548
	520	37,265	209,667
	-	-	402,761
	1,013,563	-	1,013,563
	52,577	574,374	6,562,667
	-	1,417,972	1,546,068
\$	<u>1,066,660</u>	<u>\$ 2,029,611</u>	<u>\$ 31,416,484</u>
\$	-	\$ -	\$ 2,150,567
	-	-	677,613
	-	-	8,240,146
	-	-	2,130,659
	-	2,294,509	2,892,299
	-	-	8,754,047
	-	-	366,068
	-	39,332	977,163
	900,325	82,990	983,315
	-	-	2,269,250
	-	-	1,127,579
\$	<u>900,325</u>	<u>\$ 2,416,831</u>	<u>\$ 30,568,706</u>
\$	<u>166,335</u>	<u>\$ (387,220)</u>	<u>\$ 847,778</u>
\$	777,640	\$ 595,287	\$ 5,805,122
	-	(114,651)	(5,867,640)
\$	<u>777,640</u>	<u>\$ 480,636</u>	<u>\$ (62,518)</u>
\$	943,975	\$ 93,416	\$ 785,260
	4,012,386	39,376	15,666,676
\$	<u>4,956,361</u>	<u>\$ 132,792</u>	<u>\$ 16,451,936</u>

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	785,260
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.

Capital asset additions	\$	575,274	
Depreciation expense		<u>(2,787,279)</u>	(2,212,005)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

The following is a summary of items supporting this adjustment:

(Increase) decrease in unavailable property taxes	\$	(147,332)	
(Increase) decrease in unearned telephone commissions revenue		27,816	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability		<u>914,446</u>	794,930

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	\$	2,269,250	
Increase in landfill post-closure liability		<u>(15,799)</u>	2,253,451

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	\$	66,077	
(Increase) decrease in net OPEB obligation		(45,719)	
(Increase) decrease in net pension liability		(499,913)	
Amortization of bond issuance premiums		251,443	
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date		(12,101)	
Increase (decrease) in deferred outflows related to measurement of net pension liability		33,073	
(Increase) decrease in accrued interest payable		<u>17,567</u>	<u>(189,573)</u>

Change in net position of governmental activities	\$	<u><u>1,432,063</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Fund
 June 30, 2016

	Enterprise Fund Public Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 24,683
Accounts receivable, net of allowance for uncollectibles	5,967
Total current assets	<u>\$ 30,650</u>
Noncurrent assets:	
Capital assets:	
Machinery and equipment	\$ 18,875
Less accumulated depreciation	(839)
Total capital assets	<u>\$ 18,036</u>
Total noncurrent assets	<u>\$ 18,036</u>
Total assets	<u>\$ 48,686</u>
DEFERRED OUTFLOWS OF RESOURCES	
Items related to measurement of net pension liability	\$ 11,040
Pension contributions subsequent to measurement date	6,066
Total deferred outflows of resources	<u>\$ 17,106</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 13,335
Accrued liabilities	3,398
Compensated absences - current portion	645
Total current liabilities	<u>\$ 17,378</u>
Noncurrent liabilities:	
Net OPEB obligation	\$ 3,281
Net pension liability	12,870
Compensated absences - net of current portion	5,801
Total noncurrent liabilities	<u>\$ 21,952</u>
Total liabilities	<u>\$ 39,330</u>
NET POSITION	
Net investment in capital assets	\$ 18,036
Unrestricted	8,426
Total net position	<u><u>\$ 26,462</u></u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the Year Ended June 30, 2016

	Enterprise Fund
	Public Utilities Fund
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 61,381
Wastewater revenues	118,854
Total operating revenues	<u>\$ 180,235</u>
OPERATING EXPENSES	
Personnel	\$ 74,728
Fringe benefits	23,652
Contractual services	51,447
Depreciation	839
Other charges	34,686
Total operating expenses	<u>\$ 185,352</u>
Income before transfers	\$ (5,117)
Transfers:	
Transfers in	22,018
Change in net position	<u>\$ 16,901</u>
Total net position - beginning	<u>9,561</u>
Total net position - ending	<u><u>\$ 26,462</u></u>

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016

	Enterprise Fund <u>Public Utilities Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 171,134
Payments to suppliers	(78,709)
Payments to and for employees	(92,889)
Net cash provided by (used for) operating activities	<u>\$ (464)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 22,018</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>\$ (18,875)</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,679
Cash and cash equivalents - beginning	22,004
Cash and cash equivalents - ending	<u><u>\$ 24,683</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (5,117)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 839
(Increase) decrease in accounts receivable	(2,778)
(Increase) decrease in deferred outflows of resources	(17,106)
Increase (decrease) in unearned revenue	(6,323)
Increase (decrease) in accounts payable	7,004
Increase (decrease) in accrued liabilities	420
Increase (decrease) in net OPEB obligation	3,281
Increase (decrease) in net pension liability	12,870
Increase (decrease) in compensated absences	6,446
Total adjustments	<u>\$ 4,653</u>
Net cash provided by (used for) operating activities	<u><u>\$ (464)</u></u>

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 438,073
Accounts receivables	159,121
Total assets	<u>\$ 597,194</u>
LIABILITIES	
Accounts payable	\$ 40,722
Accrued liabilities	45,680
Amounts held for social services clients	173,155
Amounts held for others	337,637
Total liabilities	<u>\$ 597,194</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Northampton, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and volunteer fire protection and rescue services, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Northampton, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

The County's financial report is prepared in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is included herein as required.

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The exception to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Northampton (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2016.

Discretely Presented Component Units. The Seven School Board members are elected by the voters of Northampton County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2016.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Other Related Organizations Included in the County's Financial Report

None

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other specific expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds - are those through which most governmental functions typically are financed. The County reports the General Fund, Eastern Shore Regional Jail Fund, Debt Service Fund and Capital Projects Fund as major governmental funds.

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

Special Revenue Funds - account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects requiring separate accounting because of legal or regulatory provisions or administrative action. The County reports the Eastern Shore Regional Jail Fund as a Special Revenue Fund. Revenues are derived primarily from the Commonwealth of Virginia and charges for services.

Debt Service Fund - accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest. Payment of principal and interest on the County and School System's general long-term debt is provided by appropriations from the General Fund.

Capital Projects Fund - accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays except for those financed by proprietary funds or for assets held in trust for individuals, private organizations or other governments.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

The County reports the following nonmajor governmental funds:

Special Revenue Funds - The County reports the following nonmajor Special Revenue Funds: Forfeited Asset Sharing, Purchase of Development Rights, CDBG Projects, HMGP Home Elevation Project, Virginia Public Assistance and Parks and Recreation Project.

2. Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Agency Funds. Private Purpose Trust and Agency Funds utilize the accrual basis of accounting. Agency funds do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which include social services clients, tourism commission, E-911 programs and IDA funds. The County reports the following Agency Funds: IDA Operating, Virginia Broadband Authority, Special Welfare, NC Tourism Commission, 911 Local, 911 Wireline, Local Sales Tax, ES Tourism Commission, and Building Inspection Fees.

3. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's major Enterprise Fund consists of the Public Utilities Fund, which accounts for the operations of sewage pumping stations and collection systems, and the water distribution system.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

F. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are amortized at cost. All other investments are reported at fair value.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**G. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of the interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$279,436 at June 30, 2016 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1
Collection Date	December 5	December 5

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed. There was no capitalized interest in the current year.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)H. Capital Assets (Continued)

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20
Machinery and equipment	5-15

I. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

L. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Prepaid Items

Certain payments to vendors reflect costs applied to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements. Prepaid items are accounted for using the consumption method and are valued at cost. Prepaid expenditures in governmental funds are reported as nonspendable fund balance.

P. Restricted Assets

Restricted assets of \$2,752,047 represent amounts set aside in a sinking fund for debt service at June 30, 2016.

Q. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Fund Equity (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by the County Administrator to which the governing body has delegated the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service or for other purposes). Assigned fund balance is established by the County Administrator, who has been given the delegated authority to assign amounts for a specific purpose (such as the purchase of capital assets, construction, or other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unforeseen emergencies of an amount equal to 8% of the combined budgeted expenditures of the General Fund, VPA Fund, Eastern Shore Regional Jail Fund and the School Operating Fund (net of interfund transfers).

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Fund Equity (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 1,748	\$ -	\$ -	\$ -	\$ 1,748
Restricted:					
Debt sinking fund	\$ -	\$ 2,752,047	\$ -	\$ -	\$ 2,752,047
Forfeited asset sharing	-	-	-	109,948	109,948
HMGP home elevation project	-	-	-	4,615	4,615
CDBG projects	-	-	-	37,651	37,651
Purchase of development rights	-	-	-	11,446	11,446
Total Restricted Fund Balance	\$ -	\$ 2,752,047	\$ -	\$ 163,660	\$ 2,915,707
Committed:					
Capital projects	\$ -	\$ -	\$ 4,956,361	\$ -	\$ 4,956,361
Debt service	-	779,624	-	-	779,624
Total Committed Fund Balance	\$ -	\$ 779,624	\$ 4,956,361	\$ -	\$ 5,735,985
Assigned:					
Broadband	\$ 66,000	\$ -	\$ -	\$ -	\$ 66,000
Harbor improvements	-	-	-	160,978	160,978
Total Assigned Fund Balance	\$ 66,000	\$ -	\$ -	\$ 160,978	\$ 226,978
Unassigned	\$ 7,763,364	\$ -	\$ -	\$ (191,846)	\$ 7,571,518
Total Fund Balances	\$ 7,831,112	\$ 3,531,671	\$ 4,956,361	\$ 132,792	\$ 16,451,936

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

R. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and contributions to the pension plan made during the current year and subsequent to the net pension liability (asset) measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on the future tax levies, and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on future tax levies are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

S. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

S. Adoption of Accounting Principles (Continued)

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 3.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. During the month of April, the County Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are required to be conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation totals for each fund can only be revised by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds and Debt Service Fund of the Primary Government. The Discretely Presented Component Unit is integrated only at the level of legal adoption.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)

6. All budgets of the County are adopted on a modified accrual basis. Annual budgets are adopted for all governmental funds. The budgets of the Discretely Presented Component Unit are adopted on a cash basis but differences between cash and accrual/modified accrual basis budgets are not considered to be material.
7. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2016.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). The County and its discretely presented component unit have no investment policies that would further limit their investment choices.

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2016 were held by the County or in the County’s name by the County’s custodial banks.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2016 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 989,820
Virginia State Non-Arbitrage Pool	<u>1,115,123</u>
Total	<u>\$ 2,104,943</u>

Interest Rate Risk

According to the County's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than one year.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool	\$ 989,820	\$ 989,820
Virginia State Non-Arbitrage Pool	<u>1,115,123</u>	<u>1,115,123</u>
Total	<u>\$ 2,104,943</u>	<u>\$ 2,104,943</u>

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). Bond proceeds subject to arbitrage rebate are invested in the SNAP by County. In May 2016, the Board voted to convert the SNAP fund to an LGIP structure, which would be managed in conformance with GASB 79. On October 3, 2016, the Prime Series became a government money market fund and the name was changed to Government Select Series. The Government Select Series has a policy of investing at least 99.5% of its assets in cash, U. S. Government securities (including securities issued or guaranteed by the U. S. government or its agencies or instrumentalities) and/or repurchase agreements that are collateralized fully.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pool

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2016, the County has amounts due from other governments as follows:

		Component Unit
	Primary Government	School Board
Commonwealth of Virginia:		
Local sales tax	\$ 233,226	\$ -
Local communication sales tax	80,274	-
Victim witness	7,239	-
Mobile home titling tax	2,205	-
Recordation tax	8,682	-
VPA funds	51,813	-
State sales tax	-	298,386
Constitutional officer reimbursements	135,073	-
Auto rental tax	1,693	-
Jail funds	222,243	-
VA Port Authority grant	26,925	-
Other state funds	5,871	-
Federal Government:		
School fund grants	-	479,019
Housing and Urban Development grant	59,725	-
VPA funds	7,596	-
Total due from other governments	\$ 842,565	\$ 777,405

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 5—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

Primary Government:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 2,377,532	\$ 168,964	\$ -	\$ 2,546,496
Construction in progress	40,565	-	-	40,565
Jointly owned land	134,600	-	-	134,600
Total capital assets not subject to depreciation	\$ 2,552,697	\$ 168,964	\$ -	\$ 2,721,661
Capital assets subject to depreciation:				
Buildings and improvements	\$ 48,519,452	\$ 1,973	\$ -	\$ 48,521,425
Improvements other than buildings	1,394,827	29,506	-	1,424,333
Machinery and equipment	4,250,616	374,831	452,934	4,172,513
Jointly owned assets	14,221,590	727,940	775,686	14,173,844
Total capital assets subject to depreciation	\$ 68,386,485	\$ 1,134,250	\$ 1,228,620	\$ 68,292,115
Accumulated depreciation:				
Buildings and improvements	\$ (13,217,716)	\$ (1,884,643)	\$ -	\$ (15,102,359)
Improvements other than buildings	(346,762)	(48,403)	-	(395,165)
Machinery and equipment	(3,275,553)	(407,157)	(452,934)	(3,229,776)
Jointly owned assets	(6,924,254)	(447,076)	(47,746)	(7,323,584)
Total accumulated depreciation	\$ (23,764,285)	\$ (2,787,279)	\$ (500,680)	\$ (26,050,884)
Total capital assets being depreciated, net	\$ 44,622,200	\$ (1,653,029)	\$ 727,940	\$ 42,241,231
Governmental activities capital assets, net	\$ 47,174,897	\$ (1,484,065)	\$ 727,940	\$ 44,962,892

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (Continued)

A summary of proprietary fund changes in capital assets for the fiscal year ending June 30, 2016 follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Business-type activities:				
Capital assets subject to depreciation:				
Improvements other than buildings	\$ -	\$ 18,875	\$ -	\$ 18,875
Total capital assets subject to depreciation	\$ -	\$ 18,875	\$ -	\$ 18,875
Accumulated depreciation:				
Improvements other than buildings	\$ -	\$ (839)	\$ -	\$ (839)
Total accumulated depreciation	\$ -	\$ (839)	\$ -	\$ (839)
Total capital assets being depreciated, net	\$ -	\$ 18,036	\$ -	\$ 18,036
Business-type activities capital assets, net	\$ -	\$ 18,036	\$ -	\$ 18,036

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

Component Unit - School Board

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 238,676	\$ -	\$ -	\$ 238,676
Construction in progress	68,219	504,685	572,904	-
Total capital assets not subject to depreciation	\$ 306,895	\$ 504,685	\$ 572,904	\$ 238,676
Capital assets subject to depreciation:				
Buildings and improvements	\$ 2,251,758	\$ 68,219	\$ (504,685)	\$ 2,824,662
Improvements other than buildings	1,481,288	7,589	(59,024)	1,547,901
Machinery and equipment	5,785,056	494,691	(98,031)	6,377,778
Total capital assets subject to depreciation	\$ 9,518,102	\$ 570,499	\$ (661,740)	\$ 10,750,341
Accumulated depreciation:				
Buildings and improvements	\$ (2,119,189)	\$ (14,127)	\$ -	\$ (2,133,316)
Improvements other than buildings	(433,580)	(84,962)	-	(518,542)
Machinery and equipment	(3,566,022)	(544,166)	(66,200)	(4,043,988)
Total accumulated depreciation	\$ (6,118,791)	\$ (643,255)	\$ (66,200)	\$ (6,695,846)
Total capital assets being depreciated, net	\$ 3,399,311	\$ (72,756)	\$ (727,940)	\$ 4,054,495
Governmental activities capital assets, net	\$ 3,706,206	\$ 431,929	\$ (155,036)	\$ 4,293,171

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	760,622
Judicial administration		175,114
Public safety		1,035,703
Public works		230,031
Health and welfare		48,747
Education		516,954
Parks, recreation and cultural		19,463
Community development		<u>645</u>
Total Governmental activities	\$	<u><u>2,787,279</u></u>

Enterprise activities:

Public utilities	\$	<u><u>839</u></u>
Component Unit School Board	\$	<u><u>643,255</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Northampton, Virginia for the year ended June 30, 2016, is that school financed assets in the amount of \$6,850,260 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ 192,484	\$ 5,752,989
Eastern Shore Regional Jail	1,348,014	-
Debt Service	2,891,697	-
Capital Projects	777,640	-
Other Governmental Funds	<u>595,287</u>	<u>114,651</u>
Total Governmental Funds	\$ <u>5,805,122</u>	\$ <u>5,867,640</u>
Enterprise Fund:		
Public Utilities	\$ <u>22,018</u>	\$ <u>-</u>
Fiduciary Funds:		
NC Tourism Commission	\$ <u>40,500</u>	\$ <u>-</u>
Total-All Funds	\$ <u><u>5,867,640</u></u>	\$ <u><u>5,867,640</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2016 is as follows:

	Balance at July 1, 2015	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Lease revenue bonds	\$ 23,555,000	\$ -	\$ 1,680,000	\$ 21,875,000	\$ 1,745,000
Add deferred amounts:					
For issuance premium	4,374,711	-	243,040	4,131,671	-
Capital leases	93,059	-	93,059	-	-
Landfill post-closure liability	2,755,504	15,799	-	2,771,303	-
Compensated absences	726,198	30,834	96,911	660,121	66,012
Net pension liability	1,139,578	2,890,641	2,403,598	1,626,621	-
Net OPEB obligation	369,000	77,468	31,749	414,719	-
Total incurred by County	\$ 33,013,050	\$ 3,014,742	\$ 4,548,357	\$ 31,479,435	\$ 1,811,012
Incurred by School Board:					
State literary fund loans	\$ 84,914	\$ -	\$ 12,131	\$ 72,783	\$ 12,130
General obligation bonds	5,955,655	-	484,060	5,471,595	65,000
Add deferred amounts:					
For issuance premium	109,242	-	8,403	100,839	-
Total incurred by School Board	\$ 6,149,811	\$ -	\$ 504,594	\$ 5,645,217	\$ 77,130
Total Governmental Activities	\$ 39,162,861	\$ 3,014,742	\$ 5,052,951	\$ 37,124,652	\$ 1,888,142
Business-type Activities:					
Compensated absences	\$ -	\$ 7,155	\$ 709	\$ 6,446	\$ 645
Net pension liability	-	31,817	18,947	12,870	-
Net OPEB obligation	-	3,532	251	3,281	-
Total Business-type Activities	\$ -	\$ 42,504	\$ 19,907	\$ 22,597	\$ 645

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	County Obligation	
	Lease Revenue Bonds	
	Principal	Interest
2017	\$ 1,745,000	\$ 1,012,516
2018	1,830,000	932,332
2019	1,920,000	838,938
2020	2,020,000	737,975
2021	2,125,000	631,759
2022	1,890,000	528,875
2023	1,985,000	429,578
2024	1,970,000	328,231
2025	2,065,000	227,934
2026	930,000	155,662
2027	980,000	111,281
2028	365,000	81,703
2029	380,000	66,087
2030	395,000	49,854
2031	410,000	35,019
2032	425,000	21,653
2033	440,000	7,425
Total	\$ <u>21,875,000</u>	\$ <u>6,196,822</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30,	School Obligations			
	State Literary Fund Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 12,130	\$ 2,184	\$ 65,000	\$ 39,341
2018	12,130	1,820	70,000	35,933
2019	12,130	1,456	2,217,167	32,647
2020	12,131	1,092	75,000	29,609
2021	12,131	728	80,000	26,070
2022	12,131	364	85,000	21,904
2023	-	-	2,299,428	18,036
2024	-	-	90,000	14,943
2025	-	-	95,000	12,596
2026	-	-	95,000	10,530
2027	-	-	95,000	8,345
2028	-	-	100,000	5,227
2029	-	-	105,000	1,601
Total	\$ <u>72,783</u>	\$ <u>7,644</u>	\$ <u>5,471,595</u>	\$ <u>256,782</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	<u>Amount Outstanding</u>
Governmental Activities Long-Term Obligations:	
<u>Lease Revenue Bonds:</u>	
 \$28,430,000 2012 Series VRA Lease Revenue Refunding Bonds issued August 2, 2012, maturing annually October 1, 2012-2032, in varying amounts. Interest payable annually at various interest rates from 2.273% to 5.125%. Face amount of bonds outstanding, \$21,875,000 plus unamortized issuance premium of \$4,131,671.	\$ <u>26,006,671</u>
Total Lease Revenue bonds	\$ <u>26,006,671</u>
 Landfill post-closure liability	\$ 2,771,303
 Compensated absences (payable from the General Fund)	660,121
 Net pension liability (payable from the General Fund)	1,626,621
 Net OPEB obligation (payable from the General Fund)	<u>414,719</u>
Total Long-Term Obligations Incurred by County	\$ <u><u>31,479,435</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows: (Continued)

	<u>Amount Outstanding</u>
<u>School Bonds:</u>	
General Obligation Bonds	
\$1,290,000 School Bonds issued November 15, 2012, maturing annually July 15, 2013-2028, in varying amounts. Interest payable semi-annually at various interest rates from 2.050% through 5.050%. Face amount of bonds outstanding, \$1,115,000 plus unamortized issuance premium of \$100,839.	\$ 1,215,839
\$2,142,167 2003 Series Qualified Zone Academy Bonds issued December 29, 2003, with entire principal maturing on December 29, 2018.	2,142,167
\$2,214,428 2006 Series Qualified Zone Academy Bonds issued December 28, 2006, with entire principal maturing on December 29, 2022.	<u>2,214,428</u>
Total general obligation bonds	\$ <u>5,572,434</u>
<u>State Literary Fund Loans:</u>	
\$242,615, issued January 25, 2002 due in annual installments of \$12,131 each January 25, through 2022, interest payable annually at 3%	\$ <u>72,783</u>
Total State Literary Fund Loans	\$ <u>72,783</u>
Total School Board Long-Term Debt Issued, payable from the General Fund	\$ <u>5,645,217</u>
Total Governmental Activities Obligations	\$ <u>37,124,652</u>
<u>Business-type Activities:</u>	
Compensated absences (payable from the Enterprise Fund)	\$ 6,446
Net pension liability (payable from the Enterprise Fund)	12,870
Net OPEB obligation (payable from the Enterprise Fund)	<u>3,281</u>
Total Business-type Activities Obligations	\$ <u>22,597</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Capital Leases

The Component Unit School Board has entered into various lease agreements as lessee for financing the acquisition of school buses, Promethean boards and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Component Unit- School Board</u>
Asset:	
3 School buses	\$ 257,316
17 Promethean boards	97,019
1 Bobcat loader	37,087
5 School buses	476,519
17 Promethean boards	106,151
3 School buses	292,770
Less: Accumulated depreciation	<u>(501,995)</u>
	<u>\$ 764,867</u>

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Capital Leases: (Continued)

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2016, were as follows:

<u>Year Ending June 30,</u>	<u>Component Unit- School Board</u>
2017	\$ 263,918
2018	181,866
2019	<u>61,260</u>
Total minimum lease payments	\$ 507,044
Less: amount representing interest	<u>(10,784)</u>
Present value of minimum lease payments	<u><u>\$ 496,260</u></u>

Component Unit—School Board:

The following is a summary of long-term obligation transactions of the Component Unit—School Board for the year ended June 30, 2016:

	<u>Balance at July 1, 2015</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Compensated absences (payable from the School Fund)	\$ 649,419	\$ 63,250	\$ 64,942	\$ 647,727	\$ 64,773
Capital leases	822,215	-	325,955	496,260	256,963
Net pension liability	15,248,580	2,195,338	1,841,297	15,602,621	-
Net OPEB obligation	107,000	119,000	114,000	112,000	-
Total	<u>\$ 16,827,214</u>	<u>\$ 2,377,588</u>	<u>\$ 2,346,194</u>	<u>\$ 16,858,608</u>	<u>\$ 321,736</u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board: (Continued)

	<u>Amount Outstanding</u>
<u>Details of Long-term Indebtedness:</u>	
<u>Capital Leases:</u>	
\$391,422 school equipment lease purchase agreement (payable from the School Fund) issued September 26, 2012, due in semi-annual installments of \$41,027 through 2017. Interest payable semi-annually at a rate of 3.25%.	\$ 80,863
\$588,838 school equipment lease purchase agreement (payable from the School Fund) issued September 17, 2013, due in bi-annual installments of \$60,998 through 2018. Interest payable semi-annually at a rate of 1.45%.	236,901
\$294,150 school equipment lease purchase agreement (payable from the School Fund) issued September 24, 2014, due in bi-annual installments of \$30,630 through 2019. Interest payable annually at a rate of 1.68%.	178,496
Total Capital Leases	\$ 496,260
Compensated absences (payable from the School Fund)	647,727
Net pension liability (payable from the School Fund)	15,602,621
Net OPEB obligation (payable from the School Fund)	112,000
Total Long-Term Obligations Incurred by School Board	\$ 16,858,608

	<u>Component Unit Obligation</u>	
Year Ending June 30	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 256,963	\$ 6,955
2018	178,800	3,066
2019	60,497	763
Total	\$ 496,260	\$ 10,784

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 8—LANDFILL POST CLOSURE COSTS:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Under the modified accrual basis of accounting, general fund expenditures and liabilities are to be recognized only to the extent that such costs are expected to be paid from available, expendable resources. Since the County does not expect to pay any portion of the postclosure care or corrective action costs from available, expendable resources as of June 30, 2016, the fund financial statements do not include any fund expenditure or liability relating to postclosure care or corrective action costs of its landfill site. The \$2,771,303 reported as a long-term liability at June 30, 2016, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

The amount of \$1,771,303 is based on what it would cost to perform all postclosure care in fiscal year 2016 and the amount of \$1,000,000 represents corrective action costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County closed the current landfill site in fiscal year 2011.

The applicable laws and regulations require the County to select and meet one of several approved financial assurance mechanisms to demonstrate financial responsibility for closure care costs described above. The County has selected the Financial Ratio Test method for this purpose, and has made the requisite filings with the Virginia Department of Environmental Quality.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTE 9—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2016, deferred and unavailable revenue are reported as follows:

	Government- wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,054,109
Unearned revenue representing unspent jail telephone commission funds not available for funding of current expenditures.	-	159,135
Prepaid property taxes due in December 2016 but paid in advance by taxpayers	<u>21,083</u>	<u>21,083</u>
Total	\$ <u><u>21,083</u></u>	\$ <u><u>1,234,327</u></u>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 10—COMMITMENTS AND CONTINGENCIES:

Federal programs in which the County and the discretely presented component unit participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of the Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

NOTE 11—LITIGATION:

At June 30, 2016, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

NOTE 12—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other cities and counties in the Virginia Local Government Risk Management Plan (VARISK2), a public entity risk pool currently operating as a common risk management and insurance program for several member cities and counties in Virginia. The County pays an annual premium to VARISK2 for its public officials general liability and public officials law enforcement liability insurance coverage. The agreement for formation of the VARISK2 provides that VARISK2 will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1 million for each insured event.

Through the Virginia Municipal League, the County has joined together with other cities and counties in the Virginia Municipal Group Self Insurance Association (VMGSIA) and the Virginia Association of Counties Group Self Insurance Risk Pool (VACORP), public entity risk pools currently operating as common risk management and insurance programs for several member cities and counties in Virginia. The County pays an annual premium to VMGSIA for its workers' compensation and employer's liability insurance coverage, and to VACORP for its general liability, commercial automotive, property, and crime coverage. The agreements for formation of the VMGSIA and VACORP provide that they will be self-sustaining through member premiums. Workers' compensation coverage provides the benefits as set forth in the Virginia Workers' Compensation Act. VACORP will reinsure through commercial insurance companies for claims in excess of \$250,000 for general liability, \$250,000 for automotive liability, and \$100,000 for property coverage.

The County carries commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 13—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. <p>The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</p> <ul style="list-style-type: none"> • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	69	27
Inactive members:		
Vested inactive members	12	5
Non-vested inactive members	47	15
Inactive members active elsewhere in VRS	60	8
Total inactive members	119	28
Active members	190	51
Total covered employees	378	106

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2016 was 9.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$772,792 and \$773,751 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 10.81% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$106,016 and \$105,888 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees (Continued)

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 28,023,690	\$ 26,884,112	\$ 1,139,578
Changes for the year:			
Service cost	\$ 926,204	\$ -	\$ 926,204
Interest	1,926,687	-	1,926,687
Difference between expected and actual experience	43,818	-	43,818
Contributions - employer	-	773,751	(773,751)
Contributions - employee	-	400,292	(400,292)
Net investment income	-	1,239,556	(1,239,556)
Benefit payments, including refunds of employee contributions	(999,177)	(999,177)	-
Administrative expenses	-	(16,542)	16,542
Other changes	-	(261)	261
Net changes	\$ 1,897,532	\$ 1,397,619	\$ 499,913
Balances at June 30, 2015	\$ 29,921,222	\$ 28,281,731	\$ 1,639,491

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 3,467,225	\$ 3,225,645	\$ 241,580
Changes for the year:			
Service cost	\$ 103,369	\$ -	\$ 103,369
Interest	234,428	-	234,428
Difference between expected and actual experience	56,039	-	56,039
Contributions - employer	-	105,888	(105,888)
Contributions - employee	-	49,513	(49,513)
Net investment income	-	144,460	(144,460)
Benefit payments, including refunds of employee contributions	(236,505)	(236,505)	-
Administrative expenses	-	(2,034)	2,034
Other changes	-	(32)	32
Net changes	\$ 157,331	\$ 61,290	\$ 96,041
Balances at June 30, 2015	\$ 3,624,556	\$ 3,286,935	\$ 337,621

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	\$ 5,602,120	\$ 1,639,491	\$ (1,647,989)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	725,123	337,621	9,750

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$315,105 and \$52,652 respectively. At June 30, 2016, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>Component Unit School Board (nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,335	\$ -	\$ 37,483	\$ -
Net difference between projected and actual earnings on pension plan investment	-	702,509	-	84,427
Employer contributions subsequent to the measurement date	<u>772,792</u>	<u>-</u>	<u>106,016</u>	<u>-</u>
Total	<u>\$ 806,127</u>	<u>\$ 702,509</u>	<u>\$ 143,499</u>	<u>\$ 84,427</u>

\$772,792 and \$106,016 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2017	\$ (266,877)	\$ (14,814)
2018	(266,877)	(14,814)
2019	(266,878)	(33,000)
2020	131,458	15,684
2021	-	-
Thereafter	-	-

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$1,274,940 and \$1,272,729 for the years ended June 30, 2016 and June 30, 2015, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the school division reported a liability of \$15,265,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was .12128% as compared to .12418% at June 30, 2014.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2016, the school division recognized pension expense of \$984,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 210,000
Net difference between projected and actual earnings on pension plan investments	-	935,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	534,000
Employer contributions subsequent to the measurement date	<u>1,274,940</u>	<u>-</u>
Total	<u>\$ 1,274,940</u>	<u>\$ 1,679,000</u>

\$1,274,940 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2017	\$ (548,000)
2018	(548,000)
2019	(548,000)
2020	23,000
2021	(58,000)
Thereafter	-

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (Continued)

NOTE 13—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset) \$	22,338,000 \$	15,265,000 \$	9,442,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 14—SURETY BONDS:

	<u>Amount</u>
<u>Commonwealth of Virginia - Division of Risk Management - Surety</u>	
Travelers Casualty and Surety Company of America	
Traci W. Johnson, Clerk of the Circuit Court	\$ 500,000
Cynthia S. Bradford, Treasurer	400,000
Charlene Gray, Commissioner of the Revenue	3,000
David L. Doughty, Jr., Sheriff	30,000
The above constitutional officers employees blanket bond	50,000
 <u>Va CORP</u>	
Board of Supervisors	1,000,000
All County Employees	250,000
 <u>Virginia Municipal League</u>	
All School Board Employees	50,000
 <u>Northampton Insurance Agency</u>	
All Social Service Employees	100,000

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NOTE 15-OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE:Post-retirement Medical Plan for EmployeePRIMARY GOVERNMENTA. Plan Description:

The County administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. The plan was established under the authority of the Northampton County Board of Supervisors. There is no separate, audited, GAAP-basis postemployment benefit report available.

B. Funding Policy:

The County has elected to make an annual contribution equal to the Benefit Payments. This requires the use of an interest rate based on long term expected return on short term investments.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits was \$81,000 for fiscal year 2016. The annual estimated employer contributions for fiscal year 2016 were \$32,000.

The County has elected not to pre-fund OPEB liabilities. The funding policy of the County is to contribute to the plan the net claims paid during the year. The County is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County's net OPEB obligation for the healthcare benefits:

		<u>Primary Government</u>
Annual required contribution	\$	81,000
Interest on net OPEB obligation		15,000
Adjustment to annual required contribution		(15,000)
Annual OPEB cost (expense)	\$	81,000
Contributions made		(32,000)
Increase in net OPEB obligation		49,000
Net OPEB obligation-beginning of year		369,000
Net OPEB obligation-end of year	\$	<u>418,000</u>

NOTE 15-OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)Post-retirement Medical Plan for Employee (Continued)C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Three Year Trend Information for County

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2014	\$ 74,000	25.68%	\$ 324,000
6/30/2015	78,000	42.31%	369,000
6/30/2016	81,000	39.51%	418,000

D. Funded Status and Funding Progress:

As of July 1, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$789,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$789,000. The covered payroll (annual payroll of active employees covered by the plan) was \$7,379,000, and the ratio of the UAAL to the covered payroll was 10.69%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 15-OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)

Post-retirement Medical Plan for Employee (Continued)

E. Actuarial Methods and Assumptions: (Continued)

In the July 1, 2013, most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2013 was 30 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse - Actual coverage status is used; females assumed 3 years younger than male spouse.

45% of actives currently enrolled in the County's health care plan, will continue in the plan upon retiring. 25% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage.

Demographic Assumptions - Demographic assumptions mirror those used for the pension plan, with adjustments made for actual experience of County employees. All employees are assumed to participate in the State of Virginia Retirement System.

Economic Assumptions - Medical Per Capita costs, Average Costs and premiums are assumed to increase 10.00% for Pre-Medicare coverage and Medicare Supplement in 2013. This rate decreases 1% per year until an ultimate rate of 5.0% is reached. The general inflation rate is assumed to be 2.50%.

COMPONENT UNIT SCHOOL BOARD

A. Plan Description:

The School Board administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. The plan was established under the authority of the Northampton County School Board. There is no separate audited GAAP-basis post-employment benefit plan report available.

B. Funding Policy:

The School Board has elected to make an annual contribution equal to the Benefit Payments. This requires the use of an interest rate based on long term expected return on short term investments.

NOTE 15-OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)Post-retirement Medical Plan for Employee (Continued)C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay as you go cost for OPEB benefits was \$119,000 for fiscal year 2016. The annual employer contributions for fiscal year 2016 were \$114,000.

The School Board has elected not to pre-fund OPEB liabilities. The funding policy of the School Board is to contribute to the plan the net claims paid during the year. The School Board is required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School Board's net OPEB obligation for the healthcare benefits:

	Component Unit School Board
Annual required contribution	\$ 119,000
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	(4,000)
Annual OPEB cost (expense)	\$ 119,000
Contributions made	(114,000)
Increase in net OPEB obligation	5,000
Net OPEB obligation-beginning of year	107,000
Net OPEB obligation-end of year	\$ 112,000

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

<u>Three Year Trend Information for School Board</u>			
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Schools:			
6/30/2014	\$ 153,000	100.65%	\$ 130,000
6/30/2015	155,000	114.84%	107,000
6/30/2016	119,000	95.80%	112,000

NOTE 15-OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)

Post-retirement Medical Plan for Employee (Continued)

D. Funded Status and Funding Progress:

As of July 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,448,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,448,000. The covered payroll (annual payroll of active employees covered by the plan) was \$8,731,000, and the ratio of the UAAL to the covered payroll was 16.58%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefits cost between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, most recent actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The open amortization method and a 30 year amortization period are being used. The remaining amortization period at July 1, 2015 was 30 years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

The following additional simplifying assumptions were made:

Coverage Status and Age of Spouse - Actual coverage status is used; females assumed 3 years younger than male spouse.

57% of actives currently enrolled in the County's health care plan, are assumed to elect coverage at retirement. 17.50% of the spouses are assumed to continue their coverage into retirement. 100% of actives who become disabled are assumed to continue their coverage, and 15% of the active participants' spouses are assumed to elect coverage until they are eligible for Medicare.

Demographic Assumptions - Demographic assumptions mirror those used for the pension plan, with adjustments made for actual experience of County employees. All employees are assumed to participate in the State of Virginia Retirement System.

NOTE 15-OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE: (Continued)

Post-retirement Medical Plan for Employee (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Economic Assumptions - Medical Per Capita costs, Average Costs and premiums are assumed to increase 8.00% for Pre-Medicare coverage in 2015. This rate decreases 1% per year until an ultimate rate of 5.0% is reached. The general inflation rate is assumed to be 2.50%.

Health Insurance Credit Program Through Virginia Retirement System

Professional Employees - Discretely Presented Component Unit School Board

A. Plan Description:

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2016, June 30, 2015, and June 30, 2014 were \$95,753, \$95,840, and \$100,845, respectively, and equaled the required contributions for the year.

The Retiree Health Insurance Credit benefit is based on a member's eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarially valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

COUNTY OF NORTHAMPTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 (CONTINUED)

NOTE 16 - RESTATEMENT OF NET POSITION AND FUND BALANCE:

The following adjustments were made to beginning net position/fund balance:

	Primary Government- Governmental Activities	Component Unit- School Board	Primary Government- Capital Projects Fund	Component Unit- School Board- School Operating Fund
Net position/fund balance as previously reported at June 30, 2015	\$ 23,686,566	\$ (13,468,744)	\$ 3,834,863	\$ 568,277
Adjustment to record a prior year transfer from the School Operating Fund to the Capital Projects Fund	177,523	(177,523)	177,523	(177,523)
Net position/fund balance as restated at July 1, 2015	<u>\$ 23,864,089</u>	<u>\$ (13,646,267)</u>	<u>\$ 4,012,386</u>	<u>\$ 390,754</u>

NOTE 17-UPCOMING PRONOUNCEMENTS:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

NOTE 17-UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 16,984,530	\$ 16,984,530	\$ 17,212,661	\$ 228,131
Other local taxes	2,695,766	2,695,766	2,709,469	13,703
Permits, privilege fees, and regulatory licenses	123,870	123,870	168,928	45,058
Fines and forfeitures	540,000	540,000	442,889	(97,111)
Revenue from the use of money and property	13,100	13,100	12,583	(517)
Charges for services	1,063,172	1,063,233	960,741	(102,492)
Miscellaneous	17,650	481,204	171,664	(309,540)
Recovered costs	58,369	58,369	239,466	181,097
Intergovernmental:				
Commonwealth	3,759,218	3,889,345	3,739,208	(150,137)
Federal	26,000	131,000	128,096	(2,904)
Total revenues	<u>\$ 25,281,675</u>	<u>\$ 25,980,417</u>	<u>\$ 25,785,705</u>	<u>\$ (194,712)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,231,869	\$ 2,269,470	\$ 2,150,567	\$ 118,903
Judicial administration	676,979	706,514	677,613	28,901
Public safety	4,544,345	4,879,654	4,680,443	199,211
Public works	2,243,298	2,256,280	2,130,659	125,621
Health and welfare	597,790	605,290	597,790	7,500
Education	8,471,195	8,755,047	8,754,047	1,000
Parks, recreation, and cultural	434,933	464,078	366,068	98,010
Community development	946,075	991,503	937,831	53,672
Debt service:				
Principal retirement	101,188	101,188	92,970	8,218
Interest and other fiscal charges	1,169	1,169	1,315	(146)
Total expenditures	<u>\$ 20,248,841</u>	<u>\$ 21,030,193</u>	<u>\$ 20,389,303</u>	<u>\$ 640,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,032,834</u>	<u>\$ 4,950,224</u>	<u>\$ 5,396,402</u>	<u>\$ 446,178</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 77,833	\$ 81,484	\$ 192,484	\$ 111,000
Transfers out	(5,248,402)	(5,812,245)	(5,752,989)	59,256
Total other financing sources (uses)	<u>\$ (5,170,569)</u>	<u>\$ (5,730,761)</u>	<u>\$ (5,560,505)</u>	<u>\$ 170,256</u>
Net change in fund balances	\$ (137,735)	\$ (780,537)	\$ (164,103)	\$ 616,434
Fund balances - beginning	137,735	780,537	7,995,215	7,214,678
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,831,112</u>	<u>\$ 7,831,112</u>

COUNTY OF NORTHAMPTON, VIRGINIA
 Eastern Shore Regional Jail Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Charges for services	\$ 14,250	\$ 14,250	\$ 12,807	\$ (1,443)
Miscellaneous	-	298	218	(80)
Recovered costs	2,300	2,300	2,156	(144)
Intergovernmental:				
Commonwealth	2,136,727	2,079,796	2,196,508	116,712
Total revenues	<u>\$ 2,153,277</u>	<u>\$ 2,096,644</u>	<u>\$ 2,211,689</u>	<u>\$ 115,045</u>
EXPENDITURES				
Current:				
Public safety	\$ 3,602,085	\$ 3,566,053	\$ 3,559,703	\$ 6,350
Total expenditures	<u>\$ 3,602,085</u>	<u>\$ 3,566,053</u>	<u>\$ 3,559,703</u>	<u>\$ 6,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,448,808)</u>	<u>\$ (1,469,409)</u>	<u>\$ (1,348,014)</u>	<u>\$ 121,395</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,448,808	\$ 1,469,409	\$ 1,348,014	\$ (121,395)
Total other financing sources (uses)	<u>1,448,808</u>	<u>1,469,409</u>	<u>1,348,014</u>	<u>(121,395)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of OPEB Funding Progress
For the Year Ended June 30, 2016

Primary Government:

County Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2008	\$ -	\$ 524,000	\$ 524,000	0.00%	\$ 5,795,000	9.04%
6/1/2011	-	630,000	630,000	0.00%	6,492,000	9.70%
7/1/2013	-	789,000	789,000	0.00%	7,379,000	10.69%

Discretely Presented Component Unit:

School Board Retiree Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2008	\$ -	\$ 1,820,000	\$ 1,820,000	0.00%	\$ 9,592,000	18.97%
6/1/2011	-	2,126,000	2,126,000	0.00%	10,091,000	21.07%
7/1/2013	-	2,016,000	2,016,000	0.00%	8,704,000	23.16%
7/1/2015	-	1,448,000	1,448,000	0.00%	8,731,000	16.58%

Schedule of Components of and Changes in Net Pension Liability and Related Ratios

Primary Government

For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 926,204	\$ 925,228
Interest	1,926,687	1,805,167
Difference between expected and actual experience	43,818	-
Benefit payments, including refunds of employee contributions	(999,177)	(989,616)
Net change in total pension liability	\$ 1,897,532	\$ 1,740,779
Total pension liability - beginning	28,023,690	26,282,911
Total pension liability - ending (a)	<u>\$ 29,921,222</u>	<u>\$ 28,023,690</u>
Plan fiduciary net position		
Contributions - employer	\$ 773,751	\$ 811,390
Contributions - employee	400,292	397,922
Net investment income	1,239,556	3,653,770
Benefit payments, including refunds of employee contributions	(999,177)	(989,616)
Administrative expense	(16,542)	(19,324)
Other	(261)	192
Net change in plan fiduciary net position	\$ 1,397,619	\$ 3,854,334
Plan fiduciary net position - beginning	26,884,112	23,029,778
Plan fiduciary net position - ending (b)	<u>\$ 28,281,731</u>	<u>\$ 26,884,112</u>
County's net pension liability - ending (a) - (b)	\$ 1,639,491	\$ 1,139,578
Plan fiduciary net position as a percentage of the total pension liability	94.52%	95.93%
Covered payroll	\$ 8,079,121	\$ 7,965,906
County's net pension liability as a percentage of covered payroll	20.29%	14.31%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 103,369	\$ 61,828
Interest	234,428	231,160
Difference between expected and actual experience	56,039	-
Benefit payments, including refunds of employee contributions	(236,505)	(256,107)
Net change in total pension liability	\$ 157,331	\$ 36,881
Total pension liability - beginning	3,467,225	3,430,344
Total pension liability - ending (a)	<u>\$ 3,624,556</u>	<u>\$ 3,467,225</u>
Plan fiduciary net position		
Contributions - employer	\$ 105,888	\$ 115,410
Contributions - employee	49,513	52,929
Net investment income	144,460	443,203
Benefit payments, including refunds of employee contributions	(236,505)	(256,107)
Administrative expense	(2,034)	(2,446)
Other	(32)	23
Net change in plan fiduciary net position	\$ 61,290	\$ 353,012
Plan fiduciary net position - beginning	3,225,645	2,872,633
Plan fiduciary net position - ending (b)	<u>\$ 3,286,935</u>	<u>\$ 3,225,645</u>
School Division's net pension liability - ending (a) - (b)	\$ 337,621	\$ 241,580
Plan fiduciary net position as a percentage of the total pension liability	90.69%	93.03%
Covered payroll	\$ 986,149	\$ 946,087
School Division's net pension liability as a percentage of covered payroll	34.24%	25.53%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Year Ended June 30, 2016*

	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.12128%	0.12418%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,265,000	\$ 15,007,000
Employer's Covered-Employee Payroll	9,067,859	8,777,441
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	168.34%	170.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.88%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2016	\$ 772,792	\$ 772,792	\$ -	\$ 8,016,513	9.64%
2015	778,827	778,827	-	8,079,121	9.64%
2014	810,929	810,929	-	7,965,906	10.18%
2013	754,313	754,313	-	7,409,752	10.18%
2012	529,121	529,121	-	6,731,824	7.86%
2011	511,997	511,997	-	6,513,952	7.86%
2010	498,328	498,328	-	6,697,955	7.44%
2009	507,920	507,920	-	6,826,880	7.44%
2008	341,216	341,216	-	6,677,418	5.11%
2007	290,236	290,236	-	5,679,763	5.11%
Component Unit School Board (nonprofessional)					
2016	\$ 106,016	\$ 106,016	-	\$ 980,718	10.81%
2015	106,603	106,603	\$ -	986,149	10.81%
2014	115,044	115,044	-	946,087	12.16%
2013	72,860	72,860	-	599,176	12.16%
2012	42,758	42,758	-	606,497	7.05%
2011	43,276	43,276	-	613,847	7.05%
2010	42,079	42,079	-	627,109	6.71%
2009	41,422	41,422	-	617,323	6.71%
2008	70,979	70,979	-	1,015,438	6.99%
2007	69,710	69,710	-	997,280	6.99%
Component Unit School Board (professional)					
2016	\$ 1,274,941	\$ 1,274,941	\$ -	\$ 9,067,859	14.06%
2015	1,272,729	1,272,729	-	8,777,441	14.50%
2014	1,059,324	1,059,324	-	9,085,111	11.66%
2013	1,057,393	1,057,393	-	9,068,551	11.66%
2012	579,023	579,023	-	9,147,283	6.33%
2011	380,946	380,946	-	9,693,282	3.93%
2010 (1)	630,049	630,049	-	9,535,361	8.81%
2009	917,574	917,574	-	10,415,142	8.81%
2008	1,117,268	1,117,268	-	10,847,262	10.30%
2007 (2)	n/a	n/a	n/a	n/a	n/a

Notes:

(1) In Fiscal year 2010, the School Board (professional) contributed 8.81% for July 2009 through March 2010 and 0.00% for April through June 2010.

(2) Amounts not available.

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information
For the Year Ended June 30, 2016

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 161,680	\$ 161,680
Recovered costs	161,139	161,139	161,139	-
Total revenues	\$ 161,139	\$ 161,139	\$ 322,819	\$ 161,680
EXPENDITURES				
Debt service:				
Principal retirement	\$ 1,980,025	\$ 2,399,174	\$ 2,176,280	\$ 222,894
Interest and other fiscal charges	1,125,795	1,126,264	1,126,264	-
Total expenditures	\$ 3,105,820	\$ 3,525,438	\$ 3,302,544	\$ 222,894
Excess (deficiency) of revenues over (under) expenditures	\$ (2,944,681)	\$ (3,364,299)	\$ (2,979,725)	\$ 384,574
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,472,079	\$ 2,891,697	\$ 2,891,697	\$ -
Total other financing sources (uses)	\$ 2,472,079	\$ 2,891,697	\$ 2,891,697	\$ -
Net change in fund balances	\$ (472,602)	\$ (472,602)	\$ (88,028)	\$ 384,574
Fund balances - beginning	472,602	472,602	3,619,699	3,147,097
Fund balances - ending	\$ -	\$ -	\$ 3,531,671	\$ 3,531,671

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 718,638	\$ -	\$ (718,638)
Miscellaneous	-	7,942	520	(7,422)
Intergovernmental:				
Local government	-	-	1,013,563	1,013,563
Commonwealth	-	144,641	52,577	(92,064)
Total revenues	\$ -	\$ 871,221	\$ 1,066,660	\$ 195,439
EXPENDITURES				
Capital projects	\$ 777,640	\$ 3,852,107	\$ 900,325	\$ 2,951,782
Debt service:				
Interest and other fiscal charges	-	2	-	2
Total expenditures	\$ 777,640	\$ 3,852,109	\$ 900,325	\$ 2,951,784
Excess (deficiency) of revenues over (under) expenditures	\$ (777,640)	\$ (2,980,888)	\$ 166,335	\$ 3,147,223
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 777,640	\$ 981,519	777,640	(203,879)
Total other financing sources (uses)	\$ 777,640	\$ 981,519	\$ 777,640	\$ (203,879)
Net change in fund balances	\$ -	\$ (1,999,369)	\$ 943,975	\$ 2,943,344
Fund balances - beginning, as restated	-	8,730,696	4,012,386	(4,718,310)
Fund balances - ending	\$ -	\$ 6,731,327	\$ 4,956,361	\$ (1,774,966)

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
ASSETS			
Cash and cash equivalents	\$ 55,495	\$ 109,948	\$ 11,446
Receivables (net of allowance for uncollectibles):			
Due from other governmental units	59,409	-	-
Total assets	<u>\$ 114,904</u>	<u>\$ 109,948</u>	<u>\$ 11,446</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 49,986	\$ -	\$ -
Accrued liabilities	64,918	-	-
Reconciled overdraft payable	-	-	-
Total liabilities	<u>\$ 114,904</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	\$ -	\$ 109,948	\$ 11,446
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>\$ -</u>	<u>\$ 109,948</u>	<u>\$ 11,446</u>
Total liabilities and fund balances	<u>\$ 114,904</u>	<u>\$ 109,948</u>	<u>\$ 11,446</u>

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Harbor Improvement Fund	ES 911 Grant Fund	Total
\$ 41,022	\$ 4,615	\$ -	\$ 160,978	\$ -	\$ 383,504
	-	59,725	-	-	119,134
\$ <u>41,022</u>	\$ <u>4,615</u>	\$ <u>59,725</u>	\$ <u>160,978</u>	\$ <u>-</u>	\$ <u>502,638</u>
\$ 3,371	\$ -	\$ -	\$ -	\$ 11,845	\$ 65,202
-	-	-	-	-	64,918
-	-	230,581	-	9,145	239,726
\$ <u>3,371</u>	\$ <u>-</u>	\$ <u>230,581</u>	\$ <u>-</u>	\$ <u>20,990</u>	\$ <u>369,846</u>
\$ 37,651	\$ 4,615	\$ -	\$ -	\$ -	\$ 163,660
-	-	-	160,978	-	160,978
-	-	(170,856)	-	(20,990)	(191,846)
\$ <u>37,651</u>	\$ <u>4,615</u>	\$ <u>(170,856)</u>	\$ <u>160,978</u>	\$ <u>(20,990)</u>	\$ <u>132,792</u>
\$ <u>41,022</u>	\$ <u>4,615</u>	\$ <u>59,725</u>	\$ <u>160,978</u>	\$ <u>-</u>	\$ <u>502,638</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2016

	Virginia Public Assistance Fund	Forfeited Asset Sharing Fund	Purchase of Development Rights Fund
REVENUES			
Miscellaneous	\$ 7,260	\$ -	\$ -
Intergovernmental:			
Commonwealth	540,344	22,463	-
Federal	1,374,596	-	-
Total revenues	<u>\$ 1,922,200</u>	<u>\$ 22,463</u>	<u>\$ -</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 2,294,509	\$ -	\$ -
Community development	-	-	-
Capital projects	-	-	-
Total expenditures	<u>\$ 2,294,509</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (372,309)</u>	<u>\$ 22,463</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 372,309	\$ -	\$ -
Transfers out	-	(3,651)	-
Total other financing sources (uses)	<u>\$ 372,309</u>	<u>\$ (3,651)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 18,812	\$ -
Fund balances - beginning	-	91,136	11,446
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 109,948</u></u>	<u><u>\$ 11,446</u></u>

CDBG Projects Fund	HMGP Home Elevation Project Fund	Parks and Recreation Project Fund	Harbor Improvement Fund	ES 911 Grant Fund	Total
\$ 23,505	\$ 6,500	\$ -	\$ -	\$ -	\$ 37,265
-	11,567	-	-	-	574,374
-	43,376	-	-	-	1,417,972
<u>\$ 23,505</u>	<u>\$ 61,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,029,611</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,294,509
14,910	24,422	-	-	-	39,332
-	-	-	-	82,990	82,990
<u>\$ 14,910</u>	<u>\$ 24,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,990</u>	<u>\$ 2,416,831</u>
<u>\$ 8,595</u>	<u>\$ 37,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,990)</u>	<u>\$ (387,220)</u>
\$ -	\$ -	\$ -	\$ 160,978	\$ 62,000	\$ 595,287
(111,000)	-	-	-	-	(114,651)
<u>\$ (111,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,978</u>	<u>\$ 62,000</u>	<u>\$ 480,636</u>
\$ (102,405)	\$ 37,021	\$ -	\$ 160,978	\$ (20,990)	\$ 93,416
140,056	(32,406)	(170,856)	-	-	39,376
<u>\$ 37,651</u>	<u>\$ 4,615</u>	<u>\$ (170,856)</u>	<u>\$ 160,978</u>	<u>\$ (20,990)</u>	<u>\$ 132,792</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

	Virginia Public Assistance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 7,260	\$ 7,260
Intergovernmental:				
Commonwealth	801,257	806,757	540,344	(266,413)
Federal	1,220,055	1,220,055	1,374,596	154,541
Total revenues	<u>\$ 2,021,312</u>	<u>\$ 2,026,812</u>	<u>\$ 1,922,200</u>	<u>\$ (104,612)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 2,435,754	\$ 2,454,960	\$ 2,294,509	\$ 160,451
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 2,435,754</u>	<u>\$ 2,454,960</u>	<u>\$ 2,294,509</u>	<u>\$ 160,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (414,442)</u>	<u>\$ (428,148)</u>	<u>\$ (372,309)</u>	<u>\$ 55,839</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 414,442	\$ 428,148	\$ 372,309	\$ (55,839)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 414,442</u>	<u>\$ 428,148</u>	<u>\$ 372,309</u>	<u>\$ (55,839)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Forfeited Asset Sharing Fund				Purchase of Development Rights Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	22,463	22,463	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 22,463	\$ 22,463	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 22,463	\$ 22,463	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(3,651)	(3,651)	-	-	-	-	-
\$ -	\$ (3,651)	\$ (3,651)	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (3,651)	\$ 18,812	\$ 22,463	\$ -	\$ -	\$ -	\$ -
-	3,651	91,136	87,485	-	-	11,446	11,446
\$ -	\$ -	\$ 109,948	\$ 109,948	\$ -	\$ -	\$ 11,446	\$ 11,446

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

CDBG Projects Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 35,800	\$ 23,505	\$ (12,295)
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	249,030	-	(249,030)
Total revenues	<u>\$ -</u>	<u>\$ 284,830</u>	<u>\$ 23,505</u>	<u>\$ (261,325)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Community development	-	433,763	14,910	418,853
Capital projects	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 433,763</u>	<u>\$ 14,910</u>	<u>\$ 418,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (148,933)</u>	<u>\$ 8,595</u>	<u>\$ 157,528</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(111,000)	(111,000)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,000)</u>	<u>\$ (111,000)</u>
Net change in fund balances	\$ -	\$ (148,933)	\$ (102,405)	\$ 46,528
Fund balances - beginning	-	148,933	140,056	(8,877)
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,651</u></u>	<u><u>\$ 37,651</u></u>

HMGP Home Elevation Project Fund				Parks and Recreation Project Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ 38,223	\$ 6,500	\$ (31,723)	\$ -	\$ -	\$ -	\$ -
-	66,548	11,567	(54,981)	-	-	-	-
-	364,609	43,376	(321,233)	-	187,777	-	(187,777)
<u>\$ -</u>	<u>\$ 469,380</u>	<u>\$ 61,443</u>	<u>\$ (407,937)</u>	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ -</u>	<u>\$ (187,777)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	495,498	24,422	471,076	-	-	-	-
-	-	-	-	-	35,053	-	35,053
<u>\$ -</u>	<u>\$ 495,498</u>	<u>\$ 24,422</u>	<u>\$ 471,076</u>	<u>\$ -</u>	<u>\$ 35,053</u>	<u>\$ -</u>	<u>\$ 35,053</u>
<u>\$ -</u>	<u>\$ (26,118)</u>	<u>\$ 37,021</u>	<u>\$ 63,139</u>	<u>\$ -</u>	<u>\$ 152,724</u>	<u>\$ -</u>	<u>\$ (152,724)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (26,118)	\$ 37,021	\$ 63,139	\$ -	\$ 152,724	\$ -	\$ (152,724)
-	66,458	(32,406)	(98,864)	-	-	(170,856)	(170,856)
<u>\$ -</u>	<u>\$ 40,340</u>	<u>\$ 4,615</u>	<u>\$ (35,725)</u>	<u>\$ -</u>	<u>\$ 152,724</u>	<u>\$ (170,856)</u>	<u>\$ (323,580)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

Harbor Improvement Fund				Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Health and welfare	\$ -	\$ -	\$ -	\$ -
Community development	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 160,978	\$ 160,978
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ 160,978	\$ 160,978
Net change in fund balances	\$ -	\$ -	\$ 160,978	\$ 160,978
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 160,978	\$ 160,978

Variance with
Final Budget
Positive
(Negative)

COUNTY OF NORTHAMPTON, VIRGINIA

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	IDA Operating Fund	Virginia Broadband Authority Fund	Special Welfare Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 87,961	\$ -	\$ 173,155
Accounts receivable	-	46,416	-
Total assets	<u>\$ 87,961</u>	<u>\$ 46,416</u>	<u>\$ 173,155</u>
LIABILITIES			
Accounts payable	\$ -	10,649	\$ -
Accrued liabilities	-	16,548	-
Reconciled overdraft payable	-	56,883	-
Amounts held for social services clients	-	-	173,155
Amounts held for others	87,961	(37,664)	-
Total liabilities	<u>\$ 87,961</u>	<u>\$ 46,416</u>	<u>\$ 173,155</u>

NC Tourism Commission Fund	911 Local Fund	911 Wireline Fund	Building Inspection Fees Fund	Total
\$ 69,032	\$ 125,394	\$ 37,582	\$ 1,832	\$ 494,956
-	9,145	103,560	-	159,121
<u>\$ 69,032</u>	<u>\$ 134,539</u>	<u>\$ 141,142</u>	<u>\$ 1,832</u>	<u>\$ 654,077</u>
\$ -	\$ 1,235	\$ 28,838	\$ -	\$ 40,722
-	-	27,390	1,742	45,680
-	-	-	-	56,883
-	-	-	-	173,155
69,032	133,304	84,914	90	337,637
<u>\$ 69,032</u>	<u>\$ 134,539</u>	<u>\$ 141,142</u>	<u>\$ 1,832</u>	<u>\$ 654,077</u>

Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
IDA Operating Fund:				
Assets:				
Cash and cash equivalents	\$ 53,085	\$ 35,275	\$ 399	\$ 87,961
Total assets	<u>\$ 53,085</u>	<u>\$ 35,275</u>	<u>\$ 399</u>	<u>\$ 87,961</u>
Liabilities:				
Amounts held for others	<u>\$ 53,085</u>	<u>\$ 35,275</u>	<u>\$ 399</u>	<u>\$ 87,961</u>
Virginia Broadband Authority Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 431,695	\$ 431,695	\$ -
Accounts receivable	84,971	46,416	84,971	46,416
Total assets	<u>\$ 84,971</u>	<u>\$ 478,111</u>	<u>\$ 516,666</u>	<u>\$ 46,416</u>
Liabilities:				
Accounts payable	\$ 9,500	10,649	9,500	\$ 10,649
Accrued liabilities	12,563	16,548	12,563	16,548
Amounts held for others	(7,680)	394,031	424,015	(37,664)
Reconciled overdraft payable	70,588	56,883	70,588	56,883
Total liabilities	<u>\$ 84,971</u>	<u>\$ 478,111</u>	<u>\$ 516,666</u>	<u>\$ 46,416</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 155,814	\$ 152,596	\$ 135,255	\$ 173,155
Total assets	<u>\$ 155,814</u>	<u>\$ 152,596</u>	<u>\$ 135,255</u>	<u>\$ 173,155</u>
Liabilities:				
Amounts held for social services clients	\$ 155,814	\$ 152,596	\$ 135,255	\$ 173,155
Total liabilities	<u>\$ 155,814</u>	<u>\$ 152,596</u>	<u>\$ 135,255</u>	<u>\$ 173,155</u>
NC Tourism Commission Fund:				
Assets:				
Cash and cash equivalents	\$ 56,341	\$ 40,500	\$ 27,809	\$ 69,032
Liabilities:				
Amounts held for others	<u>\$ 56,341</u>	<u>\$ 40,500</u>	<u>\$ 27,809</u>	<u>\$ 69,032</u>
911 Local Fund:				
Assets:				
Cash and cash equivalents	\$ 6,026	\$ 189,639	\$ 70,271	\$ 125,394
Accounts receivable	-	9,145	-	9,145
Total assets	<u>\$ 6,026</u>	<u>\$ 198,784</u>	<u>\$ 70,271</u>	<u>\$ 134,539</u>
Liabilities:				
Accounts payable	\$ 29,656	\$ 1,235	\$ 29,656	\$ 1,235
Amounts held for others	(23,630)	197,549	40,615	133,304
Total liabilities	<u>\$ 6,026</u>	<u>\$ 198,784</u>	<u>\$ 70,271</u>	<u>\$ 134,539</u>

Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
911 Wireline Fund:				
Assets:				
Cash and cash equivalents	\$ 90,126	925,064	977,608	\$ 37,582
Accounts receivable	75,650	103,560	75,650	103,560
Total assets	<u>\$ 165,776</u>	<u>\$ 1,028,624</u>	<u>\$ 1,053,258</u>	<u>\$ 141,142</u>
Liabilities:				
Accounts payable	\$ 34,540	28,838	34,540	\$ 28,838
Accrued liabilities	23,758	27,390	23,758	27,390
Amounts held for others	107,478	972,396	994,960	84,914
Total liabilities	<u>\$ 165,776</u>	<u>\$ 1,028,624</u>	<u>\$ 1,053,258</u>	<u>\$ 141,142</u>
ES Tourism Commission Fund:				
Assets:				
Cash and cash equivalents	\$ 138,565	\$ 8,941	\$ 147,506	\$ -
Total assets	<u>\$ 138,565</u>	<u>\$ 8,941</u>	<u>\$ 147,506</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	\$ 10,828	\$ -	\$ 10,828	\$ -
Accrued liabilities	5,565	-	5,565	-
Amounts held for others	122,172	8,941	131,113	-
Total liabilities	<u>\$ 138,565</u>	<u>\$ 8,941</u>	<u>\$ 147,506</u>	<u>\$ -</u>
Building Inspection Fees Fund:				
Assets:				
Cash and cash equivalents	\$ 1,719	113	-	\$ 1,832
Liabilities:				
Accrued liabilities	\$ 1,629	113	-	\$ 1,742
Amounts held for others	90	-	-	90
Total liabilities	<u>\$ 1,719</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 1,832</u>
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 501,676	\$ 1,783,823	\$ 1,790,543	\$ 494,956
Accounts receivable	160,621	159,121	160,621	159,121
Total assets	<u>\$ 662,297</u>	<u>\$ 1,942,944</u>	<u>\$ 1,951,164</u>	<u>\$ 654,077</u>
Liabilities:				
Accounts payable	\$ 84,524	\$ 40,722	\$ 84,524	\$ 40,722
Accrued liabilities	43,515	44,051	41,886	45,680
Reconciled overdraft payable	70,588	56,883	70,588	56,883
Amounts held for others	307,856	1,648,692	1,618,911	337,637
Amounts held for social services clients	155,814	152,596	135,255	173,155
Total liabilities	<u>\$ 662,297</u>	<u>\$ 1,942,944</u>	<u>\$ 1,951,164</u>	<u>\$ 654,077</u>

Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2016

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,626,695	\$ -	\$ 420,085	\$ 2,046,780
Receivables (net of allowance for uncollectibles):				
Accounts receivable	45,132	-	8,408	53,540
Due from other governmental units	298,386	347,080	131,939	777,405
Prepaid items	105,999	8,994	3,215	118,208
Total assets	<u>\$ 2,076,212</u>	<u>\$ 356,074</u>	<u>\$ 563,647</u>	<u>\$ 2,995,933</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 288,899	\$ 6,703	\$ 697	\$ 296,299
Accrued liabilities	1,396,559	143,887	51,252	1,591,698
Reconciled overdraft payable	-	79,479	-	79,479
Total liabilities	<u>\$ 1,685,458</u>	<u>\$ 230,069</u>	<u>\$ 51,949</u>	<u>\$ 1,967,476</u>
Fund balances:				
Nonspendable	\$ 105,999	\$ 8,994	\$ 3,215	\$ 118,208
Committed	284,755	117,011	508,483	910,249
Total fund balances	<u>\$ 390,754</u>	<u>\$ 126,005</u>	<u>\$ 511,698</u>	<u>\$ 1,028,457</u>
Total liabilities and fund balances	<u>\$ 2,076,212</u>	<u>\$ 356,074</u>	<u>\$ 563,647</u>	<u>\$ 2,995,933</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above \$ 1,028,457

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 10,989,017	
Accumulated depreciation	<u>(6,695,846)</u>	4,293,171

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Items related to measurement of net pension liability (1,763,427)

Pension contributions subsequent to the measurement date will be a reduction

to/increase in the net pension liability/asset in the next fiscal year and therefore, are not reported in the funds.

1,380,956

Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(16,821,125)

Net position of governmental activities \$ (11,881,968)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2016

	School Operating Fund	School Grants Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Charges for services	\$ -	\$ -	\$ 300,628	\$ 300,628
Miscellaneous	205,490	-	-	205,490
Intergovernmental:				
Local government	8,623,324	-	-	8,623,324
Commonwealth	9,039,945	-	13,187	9,053,132
Federal	-	1,610,044	813,220	2,423,264
Total revenues	<u>\$ 17,868,759</u>	<u>\$ 1,610,044</u>	<u>\$ 1,127,035</u>	<u>\$ 20,605,838</u>
EXPENDITURES				
Current:				
Education	\$ 17,530,378	\$ 1,610,044	\$ 1,006,640	\$ 20,147,062
Debt service:				
Principal retirement	325,955	-	-	325,955
Interest and other fiscal charges	12,426	-	-	12,426
Total expenditures	<u>\$ 17,868,759</u>	<u>\$ 1,610,044</u>	<u>\$ 1,006,640</u>	<u>\$ 20,485,443</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 120,395	\$ 120,395
Net change in fund balances	\$ -	\$ -	\$ 120,395	\$ 120,395
Fund balances - beginning, as restated	390,754	126,005	391,303	908,062
Fund balances - ending	<u>\$ 390,754</u>	<u>\$ 126,005</u>	<u>\$ 511,698</u>	<u>\$ 1,028,457</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 120,395

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 1,230,220	
Depreciation expense	(643,255)	586,965

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred inflows related to the measurement of the net pension liability 922,794

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

(Increase) decrease in compensated absences	\$ 1,692	
Principal payments	325,955	
(Increase) decrease in net pension liability	(354,041)	
Increase (decrease) in deferred outflows related to measurement of net pension liability	165,539	
(Increase) decrease in Net OPEB obligation	(5,000)	134,145

Change in net position of governmental activities \$ 1,764,299

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2016

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ 159,840	\$ 171,779	\$ 205,490	\$ 33,711
Intergovernmental:				
Local government	8,339,472	8,623,324	8,623,324	-
Commonwealth	8,657,860	9,016,337	9,039,945	23,608
Federal	-	-	-	-
Total revenues	\$ 17,157,172	\$ 17,811,440	\$ 17,868,759	\$ 57,319
EXPENDITURES				
Current:				
Education	\$ 17,274,471	\$ 17,473,059	\$ 17,530,378	\$ (57,319)
Debt service:				
Principal retirement	325,955	325,955	325,955	-
Interest and other fiscal charges	12,426	12,426	12,426	-
Total expenditures	\$ 17,612,852	\$ 17,811,440	\$ 17,868,759	\$ (57,319)
Excess (deficiency) of revenues over (under) expenditures	\$ (455,680)	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ 455,680	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ 455,680	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning, as restated	-	-	390,754	390,754
Fund balances - ending	\$ -	\$ -	\$ 390,754	\$ 390,754

School Grants Fund			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
1,513,655	2,250,634	1,610,044	(640,590)
\$ 1,513,655	\$ 2,250,634	\$ 1,610,044	\$ (640,590)
\$ 1,513,655	\$ 2,250,634	\$ 1,610,044	\$ 640,590
-	-	-	-
-	-	-	-
\$ 1,513,655	\$ 2,250,634	\$ 1,610,044	\$ 640,590
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
-	-	126,005	126,005
\$ -	\$ -	\$ 126,005	\$ 126,005

Combining Balance Sheet - Nonmajor Special Revenue Funds
Discretely Presented Component Unit - School Board
June 30, 2016

	School Cafeteria Fund	School Retiree Health Insurance Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 383,064	\$ 37,021	\$ 420,085
Receivables (net of allowance for uncollectibles):			
Accounts receivable	8,168	240	8,408
Due from other governmental units	131,939	-	131,939
Prepaid items	3,215	-	3,215
Total assets	<u>\$ 526,386</u>	<u>\$ 37,261</u>	<u>\$ 563,647</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 697	\$ -	\$ 697
Accrued liabilities	51,252	-	51,252
Total liabilities	<u>\$ 51,949</u>	<u>\$ -</u>	<u>\$ 51,949</u>
Fund balances:			
Nonspendable	\$ 3,215	\$ -	\$ 3,215
Committed	471,222	37,261	508,483
Total fund balances	<u>\$ 474,437</u>	<u>\$ 37,261</u>	<u>\$ 511,698</u>
Total liabilities and fund balances	<u>\$ 526,386</u>	<u>\$ 37,261</u>	<u>\$ 563,647</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2016

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 165,769	\$ 165,769	\$ 144,036	\$ (21,733)
Intergovernmental:				
Commonwealth	10,270	10,270	13,187	2,917
Federal	733,877	733,877	813,220	79,343
Total revenues	<u>\$ 909,916</u>	<u>\$ 909,916</u>	<u>\$ 970,443</u>	<u>\$ 60,527</u>
EXPENDITURES				
Current:				
Education	\$ 909,916	\$ 909,916	\$ 850,212	\$ 59,704
Total expenditures	<u>\$ 909,916</u>	<u>\$ 909,916</u>	<u>\$ 850,212</u>	<u>\$ 59,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,231</u>	<u>\$ 120,231</u>
Net change in fund balances	\$ -	\$ -	\$ 120,231	\$ 120,231
Fund balances - beginning	-	-	354,206	354,206
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,437</u>	<u>\$ 474,437</u>

School Retiree Health Insurance Fund				
Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	
			Positive	
			(Negative)	
\$ -	\$ -	\$ 156,592	\$	156,592
-	-	-		-
-	-	-		-
\$ -	\$ -	\$ 156,592	\$	156,592
\$ -	\$ -	\$ 156,428	\$	(156,428)
\$ -	\$ -	\$ 156,428	\$	(156,428)
\$ -	\$ -	\$ 164	\$	164
\$ -	\$ -	\$ 164	\$	164
-	-	37,097		37,097
\$ -	\$ -	\$ 37,261	\$	37,261

Combining Statement of Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 June 30, 2016

	Private Purpose Trust Funds			
	GW Young Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	Total
ASSETS				
Cash and cash equivalents	\$ 17,180	\$ 5,399	\$ 4,094	\$ 26,673
Total assets	<u>\$ 17,180</u>	<u>\$ 5,399</u>	<u>\$ 4,094</u>	<u>\$ 26,673</u>
NET POSITION				
Held in trust for scholarships	\$ 17,180	\$ 5,399	\$ 4,094	\$ 26,673
Total net position	<u>\$ 17,180</u>	<u>\$ 5,399</u>	<u>\$ 4,094</u>	<u>\$ 26,673</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2016

	Private Purpose Trust Funds				Total
	GW Young Scholarship Fund	D Lewis Scholarship Fund	BF Kellam Scholarship Fund	SD Goldstein Scholarship Fund	
ADDITIONS					
Contributions:					
Miscellaneous	\$ 425	\$ -	\$ -	\$ -	\$ 425
Total contributions	\$ 425	\$ -	\$ -	\$ -	\$ 425
Investment earnings:					
Interest	\$ 73	\$ 10	\$ 26	\$ 21	\$ 130
Total additions	\$ 498	\$ 10	\$ 26	\$ 21	\$ 555
DEDUCTIONS					
Scholarships	\$ -	\$ 29	\$ -	\$ 200	\$ 229
Total deductions	\$ -	\$ 29	\$ -	\$ 200	\$ 229
Change in net position	\$ 498	\$ (19)	\$ 26	\$ (179)	\$ 326
Net position - beginning	16,682	19	5,373	4,273	26,347
Net position - ending	\$ 17,180	\$ -	\$ 5,399	\$ 4,094	\$ 26,673

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 14,095,679	\$ 14,095,679	\$ 14,201,392	\$ 105,713
Real and personal public service corporation taxes	330,655	330,655	356,271	25,616
Personal property taxes	2,211,336	2,211,336	2,298,183	86,847
Mobile home taxes	21,860	21,860	20,835	(1,025)
Penalties	150,000	150,000	184,627	34,627
Interest	175,000	175,000	151,353	(23,647)
Total general property taxes	<u>\$ 16,984,530</u>	<u>\$ 16,984,530</u>	<u>\$ 17,212,661</u>	<u>\$ 228,131</u>
Other local taxes:				
Local sales and use taxes	\$ 1,194,666	\$ 1,194,666	\$ 1,178,112	\$ (16,554)
Consumers' utility taxes	323,900	323,900	318,769	(5,131)
Business license taxes	40,000	40,000	37,220	(2,780)
Motor vehicle licenses	400,000	400,000	373,959	(26,041)
Bank stock taxes	10,700	10,700	31,316	20,616
Taxes on recordation and wills	156,500	156,500	171,568	15,068
Hotel and motel room taxes	270,000	270,000	283,613	13,613
Restaurant food taxes	300,000	300,000	314,912	14,912
Total other local taxes	<u>\$ 2,695,766</u>	<u>\$ 2,695,766</u>	<u>\$ 2,709,469</u>	<u>\$ 13,703</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,100	\$ 4,100	\$ 4,229	\$ 129
Permits and other licenses	119,770	119,770	164,699	44,929
Total permits, privilege fees, and regulatory licenses	<u>\$ 123,870</u>	<u>\$ 123,870</u>	<u>\$ 168,928</u>	<u>\$ 45,058</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 540,000	\$ 540,000	\$ 442,889	\$ (97,111)
Total fines and forfeitures	<u>\$ 540,000</u>	<u>\$ 540,000</u>	<u>\$ 442,889</u>	<u>\$ (97,111)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 5,000	\$ 5,000	\$ 6,883	\$ 1,883
Revenue from use of property	8,100	8,100	5,700	(2,400)
Total revenue from use of money and property	<u>\$ 13,100</u>	<u>\$ 13,100</u>	<u>\$ 12,583</u>	<u>\$ (517)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse maintenance	\$ 36,000	\$ 36,000	\$ 35,631	\$ (369)
Charges for courthouse security	180,000	180,061	172,828	(7,233)
Charges for Commonwealth's Attorney	2,400	2,400	3,162	762
Charges for ambulance fees	121,000	121,000	122,831	1,831
Charges for sanitation and waste removal	689,372	689,372	575,089	(114,283)
Charges for parks and recreation	34,400	34,400	51,200	16,800
Total charges for services	<u>\$ 1,063,172</u>	<u>\$ 1,063,233</u>	<u>\$ 960,741</u>	<u>\$ (102,492)</u>
Miscellaneous:				
Miscellaneous	\$ 17,650	\$ 481,204	\$ 171,664	\$ (309,540)
Total miscellaneous	<u>\$ 17,650</u>	<u>\$ 481,204</u>	<u>\$ 171,664</u>	<u>\$ (309,540)</u>
Recovered costs:				
General recovered costs	\$ 50,000	\$ 50,000	\$ 83,585	\$ 33,585
Code enforcement	-	-	7,936	7,936
Treasurer recovered costs	8,369	8,369	147,945	139,576
Total recovered costs	<u>\$ 58,369</u>	<u>\$ 58,369</u>	<u>\$ 239,466</u>	<u>\$ 181,097</u>
Total revenue from local sources	<u>\$ 21,496,457</u>	<u>\$ 21,960,072</u>	<u>\$ 21,918,401</u>	<u>\$ (41,671)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,900	\$ 1,900	\$ 2,860	\$ 960
Mobile home titling tax	12,000	12,000	10,567	(1,433)
Motor vehicle rental tax	3,000	3,000	6,075	3,075
Communications tax	510,000	510,000	491,449	(18,551)
State recordation tax	48,681	48,681	42,967	(5,714)
Personal property tax relief funds	1,421,967	1,421,967	1,421,967	-
Total noncategorical aid	<u>\$ 1,997,548</u>	<u>\$ 1,997,548</u>	<u>\$ 1,975,885</u>	<u>\$ (21,663)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 235,507	\$ 235,507	\$ 234,701	\$ (806)
Sheriff	1,007,097	1,064,028	964,991	(99,037)
Commissioner of revenue	93,950	93,950	90,449	(3,501)
Treasurer	78,692	78,692	78,414	(278)
Registrar/electoral board	29,302	29,302	43,695	14,393
Clerk of the Circuit Court	192,980	192,980	202,694	9,714
Total shared expenses	<u>\$ 1,637,528</u>	<u>\$ 1,694,459</u>	<u>\$ 1,614,944</u>	<u>\$ (79,515)</u>
Other categorical aid:				
Virginia Port Authority grant	\$ 60,000	\$ 82,500	\$ 42,869	\$ (39,631)
Four for Life	11,492	11,909	11,909	-
Litter control grant	9,550	9,550	10,711	1,161
VA rescue squad assistance grant	-	-	10,818	10,818
Records preservation grant	-	20,575	20,575	-
DMV grant	-	26,610	-	(26,610)
Victim-witness grant	20,627	23,721	22,680	(1,041)
Other state funds	1,713	1,713	1,468	(245)
Fire programs	20,760	20,760	27,349	6,589
Total other categorical aid	<u>\$ 124,142</u>	<u>\$ 197,338</u>	<u>\$ 148,379</u>	<u>\$ (48,959)</u>
Total categorical aid	<u>\$ 1,761,670</u>	<u>\$ 1,891,797</u>	<u>\$ 1,763,323</u>	<u>\$ (128,474)</u>
Total revenue from the Commonwealth	<u>\$ 3,759,218</u>	<u>\$ 3,889,345</u>	<u>\$ 3,739,208</u>	<u>\$ (150,137)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 29,245</u>	<u>\$ 3,245</u>
Categorical aid:				
Highway safety grant	\$ -	\$ -	\$ 24,488	\$ 24,488
Help America Vote grant	-	-	3,500	3,500
Homeland Security grant	-	105,000	62,000	(43,000)
Byrne Justice assistance grant	-	-	1,363	1,363
Emergency management	-	-	7,500	7,500
Total categorical aid	<u>\$ -</u>	<u>\$ 105,000</u>	<u>\$ 98,851</u>	<u>\$ (6,149)</u>
Total revenue from the federal government	<u>\$ 26,000</u>	<u>\$ 131,000</u>	<u>\$ 128,096</u>	<u>\$ (2,904)</u>
Total General Fund	<u>\$ 25,281,675</u>	<u>\$ 25,980,417</u>	<u>\$ 25,785,705</u>	<u>\$ (194,712)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Revenue from local sources:				
Charges for services:				
Jail housing and other fees	\$ 14,250	\$ 14,250	\$ 12,807	\$ (1,443)
Total charges for services	\$ 14,250	\$ 14,250	\$ 12,807	\$ (1,443)
Miscellaneous:				
Other miscellaneous	\$ -	\$ 298	\$ 218	\$ (80)
Total miscellaneous	\$ -	\$ 298	\$ 218	\$ (80)
Recovered costs:				
Extradition costs	\$ 2,300	\$ 2,300	\$ 2,156	\$ (144)
Total recovered costs	\$ 2,300	\$ 2,300	\$ 2,156	\$ (144)
Total revenue from local sources	\$ 16,550	\$ 16,848	\$ 15,181	\$ (1,667)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Shared expenses:				
Sheriff	\$ 1,881,539	\$ 1,824,608	\$ 1,900,500	\$ 75,892
Other categorical aid:				
Local jails	\$ 255,188	\$ 255,188	\$ 296,008	\$ 40,820
Total categorical aid	\$ 2,136,727	\$ 2,079,796	\$ 2,196,508	\$ 116,712
Total revenue from the Commonwealth	\$ 2,136,727	\$ 2,079,796	\$ 2,196,508	\$ 116,712
Total Eastern Shore Regional Jail Fund	\$ 2,153,277	\$ 2,096,644	\$ 2,211,689	\$ 115,045
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 7,260	\$ 7,260
Total revenue from local sources	\$ -	\$ -	\$ 7,260	\$ 7,260
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 801,257	\$ 806,757	\$ 540,344	\$ (266,413)
Total categorical aid	\$ 801,257	\$ 806,757	\$ 540,344	\$ (266,413)
Total revenue from the Commonwealth	\$ 801,257	\$ 806,757	\$ 540,344	\$ (266,413)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,220,055	\$ 1,220,055	\$ 1,374,596	\$ 154,541
Total categorical aid	\$ 1,220,055	\$ 1,220,055	\$ 1,374,596	\$ 154,541
Total revenue from the federal government	\$ 1,220,055	\$ 1,220,055	\$ 1,374,596	\$ 154,541
Total Virginia Public Assistance Fund	\$ 2,021,312	\$ 2,026,812	\$ 1,922,200	\$ (104,612)

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Forfeited Asset Sharing Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture	\$ -	\$ -	\$ 22,463	\$ 22,463
Total revenue from the Commonwealth	\$ -	\$ -	\$ 22,463	\$ 22,463
Total Forfeited Asset Sharing Fund	\$ -	\$ -	\$ 22,463	\$ 22,463
CDBG Projects Fund:				
Revenue from local sources:				
Miscellaneous:				
Gifts and donations	\$ -	\$ 35,800	\$ 15,540	\$ (20,260)
Program income	-	-	7,965	7,965
Total miscellaneous	\$ -	\$ 35,800	\$ 23,505	\$ (12,295)
Total revenue from local sources	\$ -	\$ 35,800	\$ 23,505	\$ (12,295)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 249,030	\$ -	\$ (249,030)
Total categorical aid	\$ -	\$ 249,030	\$ -	\$ (249,030)
Total revenue from the federal government	\$ -	\$ 249,030	\$ -	\$ (249,030)
Total CDBG Projects Fund	\$ -	\$ 284,830	\$ 23,505	\$ (261,325)
HMGP Home Elevation Project Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Homeowner's contribution	\$ -	\$ 38,223	\$ 6,500	\$ (31,723)
Total miscellaneous revenue	\$ -	\$ 38,223	\$ 6,500	\$ (31,723)
Total revenue from local sources	\$ -	\$ 38,223	\$ 6,500	\$ (31,723)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
HMGP Home Elevation Project Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDEM Hazard Mitigation grant	\$ -	\$ 66,548	\$ 11,567	\$ (54,981)
Revenue from the federal government:				
Categorical aid:				
FEMA Hazard Mitigation grant	\$ -	\$ 364,609	\$ 43,376	\$ (321,233)
Total HMGP Home Elevation Project Fund	<u>\$ -</u>	<u>\$ 469,380</u>	<u>\$ 61,443</u>	<u>\$ (407,937)</u>
Parks and Recreation Project Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
US Dept. of Housing and Urban Development	\$ -	\$ 187,777	\$ -	\$ (187,777)
Total Parks and Recreation Project Fund	<u>\$ -</u>	<u>\$ 187,777</u>	<u>\$ -</u>	<u>\$ (187,777)</u>
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 161,680	\$ 161,680
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,680</u>	<u>\$ 161,680</u>
Recovered costs:				
Other recovered costs	\$ 161,139	\$ 161,139	\$ 161,139	\$ -
Total revenue from local sources	<u>\$ 161,139</u>	<u>\$ 161,139</u>	<u>\$ 322,819</u>	<u>\$ 161,680</u>
Total Debt Service Fund	<u>\$ 161,139</u>	<u>\$ 161,139</u>	<u>\$ 322,819</u>	<u>\$ 161,680</u>
Capital Projects Funds:				
Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 718,638	\$ -	\$ (718,638)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ 7,942	\$ 520	\$ (7,422)
Intergovernmental:				
Revenues from local governments:				
Contribution from Northampton County School Board	\$ -	\$ -	\$ 1,013,563	\$ 1,013,563
Total revenues from local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,013,563</u>	<u>\$ 1,013,563</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 726,580</u>	<u>\$ 1,014,083</u>	<u>\$ 287,503</u>
Revenue from the Commonwealth:				
Categorical aid:				
Other grants	\$ -	\$ 52,577	\$ 52,577	\$ -
Department of Emergency Management	-	92,064	-	(92,064)
Total categorical aid	<u>\$ -</u>	<u>\$ 144,641</u>	<u>\$ 52,577</u>	<u>\$ (92,064)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 144,641</u>	<u>\$ 52,577</u>	<u>\$ (92,064)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For The Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Capital Improvements Fund: (Continued)				
Total County Capital Improvements Fund	\$ -	\$ 871,221	\$ 1,066,660	\$ 195,439
Total Primary Government	\$ 29,617,403	\$ 32,078,220	\$ 31,416,484	\$ (661,736)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 159,840	\$ 171,779	\$ 205,490	\$ 33,711
Total revenue from local sources	\$ 159,840	\$ 171,779	\$ 205,490	\$ 33,711
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Northampton, Virginia	\$ 8,339,472	\$ 8,623,324	\$ 8,623,324	\$ -
Total revenues from local governments	\$ 8,339,472	\$ 8,623,324	\$ 8,623,324	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,621,838	\$ 1,631,127	\$ 1,650,785	\$ 19,658
Basic school aid	3,861,441	4,027,882	4,028,187	305
ISAP	7,859	7,859	7,859	-
Regular foster care	4,970	4,850	4,850	-
Gifted and talented	36,499	37,830	37,830	-
Remedial education	267,144	276,883	276,883	-
Project graduation	-	26,215	24,050	(2,165)
English as a second language	87,194	90,018	90,018	-
Special education	479,150	496,619	496,619	-
Textbook payment	74,723	77,447	77,447	-
Virginia preschool initiative	247,680	130,032	130,032	-
Social security fringe benefits	232,974	241,468	241,468	-
Retirement fringe benefits	463,618	478,106	478,106	-
Group life insurance fringe benefits	14,755	15,293	15,293	-
SOL algebra	28,553	25,199	25,199	-
Early reading intervention	24,541	24,541	24,541	-
GED pass-thru grant	-	61,466	57,624	(3,842)
Homebound special education	7,755	7,755	10,759	3,004
National Board Certification incentive awards	-	5,000	5,000	-
Vocational educational	136,473	142,763	143,339	576

Schedule of Revenues - Budget and Actual

Governmental Funds

For The Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Special education regional payments	\$ 21,529	\$ 21,529	\$ 30,801	\$ 9,272
At risk payments	359,584	372,902	372,902	-
Primary class size	361,818	378,497	378,497	-
Compensation supplement	-	67,187	70,187	3,000
Technology	233,600	251,600	245,400	(6,200)
Alternative education	84,162	85,987	85,987	-
Jobs for Virginia graduates	-	25,000	25,000	-
Other state funds	-	1,500	1,500	-
Mentor teacher programs	-	3,782	3,782	-
Total categorical aid	<u>\$ 8,657,860</u>	<u>\$ 9,016,337</u>	<u>\$ 9,039,945</u>	<u>\$ 23,608</u>
Total revenue from the Commonwealth	<u>\$ 8,657,860</u>	<u>\$ 9,016,337</u>	<u>\$ 9,039,945</u>	<u>\$ 23,608</u>
Total School Operating Fund	<u>\$ 17,157,172</u>	<u>\$ 17,811,440</u>	<u>\$ 17,868,759</u>	<u>\$ 57,319</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 165,769	\$ 165,769	\$ 144,036	\$ (21,733)
Total charges for services	<u>\$ 165,769</u>	<u>\$ 165,769</u>	<u>\$ 144,036</u>	<u>\$ (21,733)</u>
Total revenue from local sources	<u>\$ 165,769</u>	<u>\$ 165,769</u>	<u>\$ 144,036</u>	<u>\$ (21,733)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 10,270	\$ 10,270	\$ 13,187	\$ 2,917
Total categorical aid	<u>\$ 10,270</u>	<u>\$ 10,270</u>	<u>\$ 13,187</u>	<u>\$ 2,917</u>
Total revenue from the Commonwealth	<u>\$ 10,270</u>	<u>\$ 10,270</u>	<u>\$ 13,187</u>	<u>\$ 2,917</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 733,877	\$ 733,877	\$ 732,880	\$ (997)
Summer food program grant	-	-	20,673	20,673
USDA commodities	-	-	59,667	59,667
Total categorical aid	<u>\$ 733,877</u>	<u>\$ 733,877</u>	<u>\$ 813,220</u>	<u>\$ 79,343</u>
Total revenue from the federal government	<u>\$ 733,877</u>	<u>\$ 733,877</u>	<u>\$ 813,220</u>	<u>\$ 79,343</u>
Total School Cafeteria Fund	<u>\$ 909,916</u>	<u>\$ 909,916</u>	<u>\$ 970,443</u>	<u>\$ 60,527</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For The Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Grants Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I Part A	\$ 725,895	\$ 1,284,712	\$ 755,738	\$ (528,974)
Title I Part C (Migrant)	163,780	157,505	171,140	13,635
Title II Part A	143,027	183,161	170,735	(12,426)
Title III Part A	17,808	45,007	33,160	(11,847)
Title VI-B Special education	377,176	388,714	369,615	(19,099)
Title VI-B preschool	14,576	29,376	6,352	(23,024)
Title VI-B rural and low income schools	30,464	78,105	42,315	(35,790)
CTE/Perkins grant	40,929	41,635	41,603	(32)
Consortium incentive grants	-	42,419	19,386	(23,033)
Total categorical aid	<u>\$ 1,513,655</u>	<u>\$ 2,250,634</u>	<u>\$ 1,610,044</u>	<u>\$ (640,590)</u>
Total revenue from the federal government	<u>\$ 1,513,655</u>	<u>\$ 2,250,634</u>	<u>\$ 1,610,044</u>	<u>\$ (640,590)</u>
Total School Grants Fund	<u>\$ 1,513,655</u>	<u>\$ 2,250,634</u>	<u>\$ 1,610,044</u>	<u>\$ (640,590)</u>
School Retiree Health Insurance Fund:				
Revenue from local sources:				
Charges for services:				
Retiree health insurance premiums	\$ -	\$ -	\$ 156,592	\$ 156,592
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,592</u>	<u>\$ 156,592</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,592</u>	<u>\$ 156,592</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,580,743</u>	<u>\$ 20,971,990</u>	<u>\$ 20,605,838</u>	<u>\$ (366,152)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 40,280	\$ 35,280	\$ 35,270	\$ 10
General and financial administration:				
County administrator	\$ 369,073	\$ 425,314	\$ 425,139	\$ 175
County attorney	78,852	79,200	75,959	3,241
Commissioner of revenue	215,763	228,264	213,513	14,751
General reassessment	174,056	205,054	186,650	18,404
Treasurer	283,574	293,941	283,472	10,469
Finance	334,051	334,110	315,048	19,062
Department of information technology	263,826	276,294	265,722	10,572
Contingency	108,376	25,122	-	25,122
Other general and financial administration	174,375	176,330	176,330	-
Total general and financial administration	\$ 2,001,946	\$ 2,043,629	\$ 1,941,833	\$ 101,796
Board of elections:				
Electoral board and officials	\$ 189,643	\$ 190,561	\$ 173,464	\$ 17,097
Total board of elections	\$ 189,643	\$ 190,561	\$ 173,464	\$ 17,097
Total general government administration	\$ 2,231,869	\$ 2,269,470	\$ 2,150,567	\$ 118,903
Judicial administration:				
Courts:				
Circuit court	\$ 29,961	\$ 29,961	\$ 22,015	\$ 7,946
General district court	5,960	5,986	5,977	9
Magistrate	3,725	3,725	1,765	1,960
Juvenile and domestic relations district court	5,260	5,260	4,468	792
Clerk of the circuit court	304,922	327,595	315,295	12,300
Victim and witness assistance	20,431	23,725	22,181	1,544
Total courts	\$ 370,259	\$ 396,252	\$ 371,701	\$ 24,551
Commonwealth's attorney:				
Commonwealth's attorney	\$ 306,720	\$ 310,262	\$ 305,912	\$ 4,350
Total commonwealth's attorney	\$ 306,720	\$ 310,262	\$ 305,912	\$ 4,350
Total judicial administration	\$ 676,979	\$ 706,514	\$ 677,613	\$ 28,901
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,323,613	\$ 2,467,279	\$ 2,346,703	\$ 120,576
Total law enforcement and traffic control	\$ 2,323,613	\$ 2,467,279	\$ 2,346,703	\$ 120,576

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Ambulance and rescue	\$ 11,456	\$ 11,916	\$ 11,915	\$ 1
Fire prevention	204,521	204,521	183,547	20,974
Emergency medical services	1,357,178	1,498,887	1,494,379	4,508
Total fire and rescue services	<u>\$ 1,573,155</u>	<u>\$ 1,715,324</u>	<u>\$ 1,689,841</u>	<u>\$ 25,483</u>
Correction and detention:				
Judicial court services	\$ 35,580	\$ 60,580	\$ 55,933	\$ 4,647
Total correction and detention	<u>\$ 35,580</u>	<u>\$ 60,580</u>	<u>\$ 55,933</u>	<u>\$ 4,647</u>
Inspections:				
Building	\$ 138,873	\$ 139,864	\$ 117,183	22,681
Total inspections	<u>\$ 138,873</u>	<u>\$ 139,864</u>	<u>\$ 117,183</u>	<u>\$ 22,681</u>
Other protection:				
Animal control	\$ 100,611	\$ 107,417	\$ 107,357	\$ 60
Other emergency services	339,375	356,052	339,436	16,616
Contribution to animal control facility	33,138	33,138	23,990	9,148
Total other protection	<u>\$ 473,124</u>	<u>\$ 496,607</u>	<u>\$ 470,783</u>	<u>\$ 25,824</u>
Total public safety	<u>\$ 4,544,345</u>	<u>\$ 4,879,654</u>	<u>\$ 4,680,443</u>	<u>\$ 199,211</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,484,142	\$ 1,491,941	\$ 1,439,425	\$ 52,516
Administration	86,241	94,081	93,751	330
Total sanitation and waste removal	<u>\$ 1,570,383</u>	<u>\$ 1,586,022</u>	<u>\$ 1,533,176</u>	<u>\$ 52,846</u>
Maintenance of general buildings and grounds:				
General properties	\$ 672,915	\$ 670,258	\$ 597,483	\$ 72,775
Total maintenance of general buildings and grounds	<u>\$ 672,915</u>	<u>\$ 670,258</u>	<u>\$ 597,483</u>	<u>\$ 72,775</u>
Total public works	<u>\$ 2,243,298</u>	<u>\$ 2,256,280</u>	<u>\$ 2,130,659</u>	<u>\$ 125,621</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 385,049	\$ 392,549	\$ 385,049	\$ 7,500
Total health	<u>\$ 385,049</u>	<u>\$ 392,549</u>	<u>\$ 385,049</u>	<u>\$ 7,500</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 65,941	\$ 65,941	\$ 65,941	\$ -
Total mental health and mental retardation	\$ 65,941	\$ 65,941	\$ 65,941	\$ -
Welfare:				
Welfare administration	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Comprehensive Services Act	145,000	145,000	145,000	-
Total welfare	\$ 146,800	\$ 146,800	\$ 146,800	\$ -
Total health and welfare	\$ 597,790	\$ 605,290	\$ 597,790	\$ 7,500
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 131,723	\$ 131,723	\$ 130,723	\$ 1,000
Contribution to County School Board	8,339,472	8,623,324	8,623,324	-
Total education	\$ 8,471,195	\$ 8,755,047	\$ 8,754,047	\$ 1,000
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 185,549	\$ 192,140	\$ 191,842	\$ 298
Harbors and boat ramps	104,492	127,046	29,334	97,712
Total parks and recreation	\$ 290,041	\$ 319,186	\$ 221,176	\$ 98,010
Library:				
Contribution to regional library	\$ 124,892	\$ 124,892	\$ 124,892	\$ -
Contribution to local library	20,000	20,000	20,000	-
Total library	\$ 144,892	\$ 144,892	\$ 144,892	\$ -
Total parks, recreation, and cultural	\$ 434,933	\$ 464,078	\$ 366,068	\$ 98,010
Community development:				
Planning and community development:				
Community development	\$ 68,946	\$ 68,946	\$ 68,946	\$ -
Planning and zoning	332,197	356,015	337,357	18,658
Code compliance	72,575	38,796	25,007	13,789
Planning, permitting and enforcement	151,030	185,358	178,866	6,492
Wetlands board	2,102	2,102	850	1,252
Planning commission	6,180	6,180	2,625	3,555
Other economic development	210,806	231,606	231,605	1
Total planning and community development	\$ 843,836	\$ 889,003	\$ 845,256	\$ 43,747
Environmental management:				
Contribution to Soil and Water Conservation District	\$ 28,783	\$ 28,783	\$ 28,783	\$ -
Total environmental management	\$ 28,783	\$ 28,783	\$ 28,783	\$ -
Cooperative extension program:				
Extension office	\$ 73,456	\$ 73,717	\$ 63,792	\$ 9,925
Total cooperative extension program	\$ 73,456	\$ 73,717	\$ 63,792	\$ 9,925
Total community development	\$ 946,075	\$ 991,503	\$ 937,831	\$ 53,672

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 101,188	\$ 101,188	\$ 92,970	\$ 8,218
Interest and other fiscal charges	1,169	1,169	1,315	(146)
Total debt service	<u>\$ 102,357</u>	<u>\$ 102,357</u>	<u>\$ 94,285</u>	<u>\$ 8,072</u>
Total General Fund	<u>\$ 20,248,841</u>	<u>\$ 21,030,193</u>	<u>\$ 20,389,303</u>	<u>\$ 640,890</u>
Special Revenue Funds:				
Eastern Shore Regional Jail Fund:				
Public safety:				
Correction and detention:				
Eastern Shore Regional Jail	\$ 3,602,085	\$ 3,566,053	\$ 3,559,703	\$ 6,350
Total correction and detention	<u>\$ 3,602,085</u>	<u>\$ 3,566,053</u>	<u>\$ 3,559,703</u>	<u>\$ 6,350</u>
Total Eastern Shore Regional Jail Fund	<u>\$ 3,602,085</u>	<u>\$ 3,566,053</u>	<u>\$ 3,559,703</u>	<u>\$ 6,350</u>
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,142,117	\$ 2,163,889	\$ 2,100,986	\$ 62,903
Public assistance	217,561	210,495	130,321	80,174
Other welfare services	76,076	80,576	63,202	17,374
Total welfare and social services	<u>\$ 2,435,754</u>	<u>\$ 2,454,960</u>	<u>\$ 2,294,509</u>	<u>\$ 160,451</u>
Total health and welfare	<u>\$ 2,435,754</u>	<u>\$ 2,454,960</u>	<u>\$ 2,294,509</u>	<u>\$ 160,451</u>
Total Virginia Public Assistance Fund	<u>\$ 2,435,754</u>	<u>\$ 2,454,960</u>	<u>\$ 2,294,509</u>	<u>\$ 160,451</u>
CDBG Projects Fund:				
Community development:				
Planning and community development:				
East Fairview CDBG project	\$ -	\$ 7,197	\$ -	\$ 7,197
West Fairview CDBG project	-	243,481	-	243,481
CDBG Regional broadband project	-	415	-	415
Wastewater project	-	54,001	1,000	53,001
Culls Community CDBG project	-	128,669	13,910	114,759
Total community development	<u>\$ -</u>	<u>\$ 433,763</u>	<u>\$ 14,910</u>	<u>\$ 418,853</u>
Total CDBG Projects Fund	<u>\$ -</u>	<u>\$ 433,763</u>	<u>\$ 14,910</u>	<u>\$ 418,853</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
HMGP Home Elevation Project Fund:				
Community development:				
Planning and community development:				
Home elevation improvements	\$ -	\$ 434,192	\$ -	\$ 434,192
1905 Elevation project	-	61,306	24,422	36,884
Total community development	\$ -	\$ 495,498	\$ 24,422	\$ 471,076
Total HMGP Home Elevation Project Fund	\$ -	\$ 495,498	\$ 24,422	\$ 471,076
Parks and Recreation Project Fund:				
Capital projects:				
Parks and recreation improvements	\$ -	\$ 35,053	\$ -	\$ 35,053
Total capital projects	\$ -	\$ 35,053	\$ -	\$ 35,053
Total Parks and Recreation Project Fund	\$ -	\$ 35,053	\$ -	\$ 35,053
ES 911 Grant Fund:				
Capital projects:				-
Communications equipment	\$ -	\$ 105,000	\$ 82,990	22,010
Total capital projects	\$ -	\$ 105,000	\$ 82,990	\$ 22,010
Total ES 911 Grant Fund	\$ -	\$ 105,000	\$ 82,990	\$ 22,010
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,980,025	\$ 2,399,174	\$ 2,176,280	\$ 222,894
Interest and other fiscal charges	1,125,795	1,126,264	1,126,264	-
Total Debt Service Fund	\$ 3,105,820	\$ 3,525,438	\$ 3,302,544	\$ 222,894
Capital Projects Funds:				
Capital Improvements Fund:				
Capital projects expenditures:				
Emergency medical services	\$ -	\$ 1,174,875	\$ 124,596	\$ 1,050,279
County administrator	-	124,327	28,329	95,998
Emergency management equipment	-	86,068	-	86,068
School capital assets	-	1,239,872	747,400	492,472
Communications equipment	-	-	-	-
Contingencies	777,640	880,642	-	880,642
Solid waste transfer station and other construction	-	346,323	-	346,323
Total capital projects	\$ 777,640	\$ 3,852,107	\$ 900,325	\$ 2,951,782
Debt service:				
Interest and other fiscal charges	\$ -	\$ 2	\$ -	\$ 2
Total debt service	\$ -	\$ 2	\$ -	\$ 2
Total Capital Improvements Fund	\$ 777,640	\$ 3,852,109	\$ 900,325	\$ 2,951,784
Total Primary Government	\$ 30,170,140	\$ 35,393,067	\$ 30,485,716	\$ 4,907,351

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health services	\$ 1,806,953	\$ 1,811,505	\$ 1,753,085	\$ 58,420
Total administration of schools	<u>\$ 1,806,953</u>	<u>\$ 1,811,505</u>	<u>\$ 1,753,085</u>	<u>\$ 58,420</u>
Instruction costs:				
Elementary and secondary schools	\$ 11,690,173	\$ 12,031,855	\$ 11,491,451	\$ 540,404
Total instruction costs	<u>\$ 11,690,173</u>	<u>\$ 12,031,855</u>	<u>\$ 11,491,451</u>	<u>\$ 540,404</u>
Operating costs:				
Pupil transportation	\$ 1,661,988	\$ 1,514,342	\$ 1,269,262	\$ 245,080
Operation and maintenance of school plant	2,115,357	2,115,357	2,003,017	112,340
Total operating costs	<u>\$ 3,777,345</u>	<u>\$ 3,629,699</u>	<u>\$ 3,272,279</u>	<u>\$ 357,420</u>
Contribution to County Capital Projects Fund	\$ -	\$ -	\$ 1,013,563	\$ (1,013,563)
Total education	<u>\$ 17,274,471</u>	<u>\$ 17,473,059</u>	<u>\$ 17,530,378</u>	<u>\$ (57,319)</u>
Debt service:				
Principal retirement	\$ 325,955	\$ 325,955	\$ 325,955	\$ -
Interest and other fiscal charges	12,426	12,426	12,426	-
Total debt service	<u>\$ 338,381</u>	<u>\$ 338,381</u>	<u>\$ 338,381</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 17,612,852</u>	<u>\$ 17,811,440</u>	<u>\$ 17,868,759</u>	<u>\$ (57,319)</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 909,916	\$ 909,916	\$ 790,545	\$ 119,371
USDA commodities	-	-	59,667	(59,667)
Total school food services	<u>\$ 909,916</u>	<u>\$ 909,916</u>	<u>\$ 850,212</u>	<u>\$ 59,704</u>
Total education	<u>\$ 909,916</u>	<u>\$ 909,916</u>	<u>\$ 850,212</u>	<u>\$ 59,704</u>
Total School Cafeteria Fund	<u>\$ 909,916</u>	<u>\$ 909,916</u>	<u>\$ 850,212</u>	<u>\$ 59,704</u>
School Grants Fund:				
Education:				
Instruction	\$ 1,513,655	\$ 2,250,634	\$ 1,610,044	\$ 640,590
Total School Grants Fund	<u>\$ 1,513,655</u>	<u>\$ 2,250,634</u>	<u>\$ 1,610,044</u>	<u>\$ 640,590</u>
School Retiree Health Insurance Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 156,428	\$ (156,428)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,428</u>	<u>\$ (156,428)</u>
Total School Retiree Health Insurance Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,428</u>	<u>\$ (156,428)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,036,423</u>	<u>\$ 20,971,990</u>	<u>\$ 20,485,443</u>	<u>\$ 486,547</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2016	2015	2014	2013
Governmental activities				
Net investment in capital assets	\$ 13,311,004	\$ 13,002,316	\$ 13,311,792	\$ 13,198,763
Restricted	2,915,707	3,005,354	2,593,299	2,299,456
Unrestricted	9,069,441	7,678,896	9,587,750	9,115,224
Total governmental activities net position	<u>\$ 25,296,152</u>	<u>\$ 23,686,566</u>	<u>\$ 25,492,841</u>	<u>\$ 24,613,443</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 18,036	\$ -	\$ -	\$ -
Unrestricted	8,426	9,561	2,702	2,702
Total business-type activities net position	<u>\$ 26,462</u>	<u>\$ 9,561</u>	<u>\$ 2,702</u>	<u>\$ 2,702</u>
Primary government				
Invested in capital assets, net of related debt	\$ 13,329,040	\$ 13,002,316	\$ 13,311,792	\$ 13,198,763
Restricted	2,915,707	3,005,354	2,593,299	2,299,456
Unrestricted	9,077,867	7,688,457	9,590,452	9,117,926
Total primary government net position	<u>\$ 25,322,614</u>	<u>\$ 23,696,127</u>	<u>\$ 25,495,543</u>	<u>\$ 24,616,145</u>

Table 1

2012	2011	2010	2009	2008	2007
\$ 13,813,629	\$ 11,716,567	\$ 8,893,564	\$ 12,200,548	\$ 3,337,644	\$ 5,878,385
2,690,446	2,279,410	2,016,857	1,027,524	753,414	474,573
8,399,606	6,930,654	10,914,539	734,791	2,784,343	3,102,846
<u>\$ 24,903,681</u>	<u>\$ 20,926,631</u>	<u>21,824,960</u>	<u>\$ 13,962,863</u>	<u>\$ 6,875,401</u>	<u>\$ 9,455,804</u>
\$ -	\$ 7,136	\$ 8,849	\$ 10,562	\$ 12,275	\$ -
(27,136)	(131,380)	(16,115)	(17,828)	(19,541)	-
<u>\$ (27,136)</u>	<u>\$ (124,244)</u>	<u>(7,266)</u>	<u>\$ (7,266)</u>	<u>\$ (7,266)</u>	<u>\$ -</u>
\$ 13,813,629	\$ 11,723,703	\$ 8,902,413	\$ 12,211,110	\$ 3,349,919	\$ 5,878,385
2,690,446	2,279,410	2,016,857	1,027,524	753,414	474,573
8,372,470	6,799,274	10,898,424	716,963	2,764,802	3,102,846
<u>\$ 24,876,545</u>	<u>\$ 20,802,387</u>	<u>21,817,694</u>	<u>\$ 13,955,597</u>	<u>\$ 6,868,135</u>	<u>\$ 9,455,804</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2016	2015	2014	2013
Expenses				
Governmental activities:				
General government administration	\$ 2,413,847	\$ 2,654,848	\$ 2,573,634	\$ 2,580,737
Judicial administration	827,333	808,280	810,083	776,261
Public safety	8,739,709	8,723,916	8,767,356	9,453,598
Public works	2,545,525	2,006,016	2,061,988	2,173,368
Health and welfare	2,859,742	2,885,030	2,879,167	2,878,538
Education	10,018,401	9,587,332	9,069,634	8,731,218
Parks, recreation, culture	384,855	356,931	376,031	320,558
Community development	912,784	1,153,095	1,932,522	1,299,259
Interest on long-term debt	697,430	765,128	817,257	2,480,390
Total governmental activities expenses	\$ 29,399,626	\$ 28,940,576	\$ 29,287,672	\$ 30,693,927
Business-type activities:				
Public utilities	\$ 185,352	\$ 165,348	\$ 172,225	\$ 163,782
Total business-type activities expenses	\$ 185,352	\$ 165,348	\$ 172,225	\$ 163,782
Total Primary government expenses	\$ 29,584,978	\$ 29,105,924	\$ 29,459,897	\$ 30,857,709
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	654,510	722,594	748,040	562,536
Public safety	304,566	267,459	302,044	348,892
Public works	575,089	535,686	506,268	451,294
Parks, recreation, culture	51,200	58,630	58,479	46,528
Community development	-	40	20	188
Operating grants and contributions	6,080,273	6,137,361	5,815,182	5,604,379
Capital grants and contributions	52,577	-	741,305	1,482,705
Total governmental activities program revenues	\$ 7,718,215	\$ 7,721,770	\$ 8,171,338	\$ 8,496,522
Business-type activities:				
Charges for services	\$ 180,235	\$ 165,486	\$ 160,946	\$ 174,910
Total business-type activities program revenues	\$ 180,235	\$ 165,486	\$ 160,946	\$ 174,910
Total primary government program revenue	\$ 7,898,450	\$ 7,887,256	\$ 8,332,284	\$ 8,671,432
Net(Expense)/Revenue				
Governmental activities	\$ (21,681,411)	\$ (21,218,806)	\$ (21,116,334)	\$ (22,197,405)
Business-type activities	(5,117)	138	(11,279)	11,128
Total primary government net expense	\$ (21,686,528)	\$ (21,218,668)	\$ (21,127,613)	\$ (22,186,277)

2012	2011	2010	2009	2008	2007
\$ 2,421,964	\$ 1,880,236	\$ 1,609,696	\$ 2,062,347	\$ 2,750,816	\$ 1,836,811
791,212	755,107	700,167	1,118,587	1,223,208	1,081,364
3,875,834	7,220,089	7,006,458	7,067,742	6,753,142	4,571,938
2,171,427	3,046,144	1,345,320	2,771,451	1,461,183	1,575,481
3,182,812	3,352,694	4,192,321	3,855,439	3,934,795	3,733,684
8,009,717	8,807,476	8,307,555	9,710,756	8,410,381	7,707,296
343,025	352,034	300,973	293,853	370,596	325,906
1,414,090	1,849,353	900,746	1,368,325	1,732,461	1,604,728
1,598,507	1,630,403	1,657,839	2,176,369	2,326,326	2,054,896
<u>\$ 23,808,588</u>	<u>\$ 28,893,536</u>	<u>\$ 26,021,075</u>	<u>\$ 30,424,869</u>	<u>\$ 28,962,908</u>	<u>\$ 24,492,104</u>
\$ 95,162	\$ 171,219	\$ 83,596	\$ 86,402	\$ 25,566	\$ -
<u>\$ 95,162</u>	<u>\$ 171,219</u>	<u>\$ 83,596</u>	<u>\$ 86,402</u>	<u>\$ 25,566</u>	<u>\$ -</u>
<u>\$ 23,903,750</u>	<u>\$ 29,064,755</u>	<u>\$ 26,104,671</u>	<u>\$ 30,511,271</u>	<u>\$ 28,988,474</u>	<u>\$ 24,492,104</u>
\$ -	\$ -	\$ -	\$ 117,117	\$ 139,233	\$ 108,788
309,943	246,548	236,585	1,532	4,573	67,234
182,244	180,166	294,899	369,089	373,412	296,998
448,334	397,766	330,862	303,654	58,655	78,759
71,060	43,447	49,180	18,662	15,440	14,820
108	372	-	283,323	348,133	364,856
6,586,173	7,542,861	6,591,543	6,792,581	7,169,684	5,567,059
139,418	150,000	6,269,953	9,518,123	151,205	4,060,879
<u>\$ 7,737,280</u>	<u>\$ 8,561,160</u>	<u>\$ 13,773,022</u>	<u>\$ 17,404,081</u>	<u>\$ 8,260,335</u>	<u>\$ 10,559,393</u>
\$ -	\$ 54,241	\$ 57,489	\$ 26,663	\$ 18,300	\$ -
<u>\$ -</u>	<u>\$ 54,241</u>	<u>\$ 57,489</u>	<u>\$ 26,663</u>	<u>\$ 18,300</u>	<u>\$ -</u>
<u>\$ 7,737,280</u>	<u>\$ 8,615,401</u>	<u>\$ 13,830,511</u>	<u>\$ 17,430,744</u>	<u>\$ 8,278,635</u>	<u>\$ 10,559,393</u>
\$ (16,071,308)	\$ (20,332,376)	\$ (12,248,053)	\$ (13,020,788)	\$ (20,702,573)	\$ (13,932,711)
(95,162)	(116,978)	(26,107)	(59,739)	(7,266)	-
<u>\$ (16,166,470)</u>	<u>\$ (20,449,354)</u>	<u>\$ (12,274,160)</u>	<u>\$ (13,080,527)</u>	<u>\$ (20,709,839)</u>	<u>\$ (13,932,711)</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2016	2015	2014	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 17,065,329	\$ 16,695,685	\$ 16,646,517	\$ 16,777,134
Local sales and use tax	1,178,112	1,091,493	1,089,704	1,080,525
Communication sales tax	-	-	-	-
Consumer utility tax	318,769	322,591	320,126	316,666
Business license taxes	37,220	38,132	41,232	39,679
Franchise taxes	-	-	-	-
Hotel and meals taxes	598,525	553,510	527,093	520,300
Other local taxes	576,843	500,753	527,676	586,363
Unrestricted revenues from use of money and property	174,263	77,791	71,502	-
Miscellaneous	237,483	166,823	170,401	62,378
Grants and contributions not restricted to specific programs	1,975,885	2,012,975	2,022,633	246,097
Gain(loss) on disposal of capital assets	-	-	-	1,844,798
Transfers	991,545	394,521	578,848	747,803
Total governmental activities	\$ 23,153,974	\$ 21,854,274	\$ 21,995,732	\$ 22,221,743
Business-type activities:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Transfers	22,018	-	18,000	18,710
Total business-type activities	\$ 22,018	\$ -	\$ 18,000	\$ 18,710
Total primary government	\$ 23,175,992	\$ 21,854,274	\$ 22,013,732	\$ 22,240,453
Change in Net Position				
Governmental activities	\$ 1,472,563	\$ 635,468	\$ 879,398	\$ 24,338
Business-type activities	16,901	138	6,721	29,838
Total primary government	\$ 1,489,464	\$ 635,606	\$ 886,119	\$ 54,176

2012	2011	2010	2009	2008	2007
\$ 15,640,011	\$ 15,457,110	\$ 15,591,694	\$ 15,323,293	\$ 12,226,724	\$ 12,122,410
1,177,340	1,064,382	1,041,256	1,086,465	1,279,051	1,346,943
-	-	316,850	507,013	558,021	239,287
313,641	316,147	512,946	320,085	305,629	405,185
40,968	44,943	42,978	16,355	20,424	13,725
-	-	-	-	-	12,037
265,688	258,405	483,995	530,968	552,122	358,832
695,252	682,452	494,685	445,393	483,882	558,807
-	-	86,717	208,654	767,134	796,109
128,069	79,445	87,554	303,303	390,500	210,872
190,464	76,049	1,349,942	1,307,051	1,526,036	1,565,029
1,796,331	1,794,768	-	119,409	12,647	-
(199,406)	436,301	(26,107)	(59,739)	-	-
\$ 20,048,358	\$ 20,210,002	\$ 19,982,510	\$ 20,108,250	\$ 18,122,170	\$ 17,629,236
\$ (7,136)	\$ -	\$ -	\$ -	\$ -	\$ -
199,406	-	26,107	59,739	-	-
\$ 192,270	\$ -	\$ 26,107	\$ 59,739	\$ -	\$ -
\$ 20,240,628	\$ 20,210,002	\$ 20,008,617	\$ 20,167,989	\$ 18,122,170	\$ 17,629,236
\$ 3,977,050	\$ (122,374)	\$ 7,734,457	\$ 7,087,462	\$ (2,580,403)	\$ 3,696,525
97,108	(116,978)	-	-	(7,266)	-
\$ 4,074,158	\$ (239,352)	\$ 7,734,457	\$ 7,087,462	\$ (2,587,669)	\$ 3,696,525

COUNTY OF NORTHAMPTON, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2016	2015	2014	2013
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	1,748	874	874	674
Restricted	-	-	-	-
Committed	-	190,175	-	-
Assigned	66,000	-	139,168	-
Unassigned	7,763,364	7,804,166	7,898,674	8,058,543
Total General Fund	\$ 7,831,112	\$ 7,995,215	\$ 8,038,716	\$ 8,059,217
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	2,915,707	3,005,354	2,593,299	2,299,456
Committed	5,735,985	4,691,846	4,854,183	4,600,157
Assigned	160,978	-	-	-
Unassigned	(191,846)	(203,262)	(182,910)	(170,856)
Total all other governmental funds	\$ 8,620,824	\$ 7,493,938	\$ 7,264,572	\$ 6,728,757

Note: The County implemented GASB Statement number 54, for fund balance reporting in FY11. Restatement of prior year balances is not feasible. Therefore, ten years of fund balance information in accordance with GASB Statement number 54 is not available, but will be accumulated over time.

Table 3

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ -	\$ 87,818	\$ 75,584	\$ 175,776
-	-	4,582,698	3,783,923	4,399,830	5,370,220
-	-	-	-	-	-
-	1,334,815	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,598,339	4,191,411	-	-	-	-
<u>\$ 6,598,339</u>	<u>\$ 5,526,226</u>	<u>\$ 4,582,698</u>	<u>\$ 3,871,741</u>	<u>\$ 4,475,414</u>	<u>\$ 5,545,996</u>
\$ -	\$ -	\$ 2,016,857	\$ 1,722,914	\$ 1,581,003	\$ 1,319,773
-	-	55,070	65,165	43,601	53,883
-	-	-	440,816	1,161,023	415,849
-	-	7,518,666	10,300,626	12,573,719	15,749,848
-	624,228	-	-	-	-
2,690,446	1,123,573	-	-	-	-
4,378,522	4,410,088	-	-	-	-
-	-	-	-	-	-
(168,211)	(176,288)	-	-	-	-
<u>\$ 6,900,757</u>	<u>\$ 5,981,601</u>	<u>\$ 9,590,593</u>	<u>\$ 12,529,521</u>	<u>\$ 15,359,346</u>	<u>\$ 17,539,353</u>

COUNTY OF NORTHAMPTON, VIRGINIA

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2016	2015	2014	2013
REVENUES				
General property taxes	\$ 17,212,661	\$ 16,682,266	\$ 16,717,264	\$ 17,199,372
Other local taxes	2,709,469	2,506,479	2,505,831	2,543,533
Permits, privilege fees, and regulatory licenses	168,928	109,011	115,874	128,550
Fines and forfeitures	442,889	510,887	537,765	378,652
Revenue from the use of money and property	174,263	77,791	71,502	62,378
Charges for services	973,548	964,511	961,212	902,236
Miscellaneous	209,667	130,164	138,158	264,511
Recovered costs	402,761	213,750	272,875	255,303
Intergovernmental revenues	9,122,298	8,544,857	9,175,968	9,698,395
Total revenues	\$ 31,416,484	\$ 29,739,716	\$ 30,496,449	\$ 31,432,930
EXPENDITURES				
Current:				
General government administration	\$ 2,150,567	\$ 1,961,308	\$ 2,038,882	\$ 1,968,506
Judicial administration	677,613	648,852	623,134	607,948
Public safety	8,240,146	8,118,561	8,019,032	7,214,604
Public works	2,130,659	2,120,556	2,142,149	2,001,046
Health and welfare	2,892,299	2,893,156	2,835,881	2,800,420
Education	8,754,047	8,176,890	8,306,488	7,984,224
Parks, recreation, and cultural	366,068	338,095	353,402	298,448
Community development	977,163	1,430,497	1,770,565	1,297,764
Capital projects	983,315	812,998	755,337	1,647,734
Debt service:				
Principal retirement	2,269,250	1,861,182	1,856,774	36,705,041
Interest and other fiscal charges	1,127,579	1,191,756	1,256,768	2,461,003
Total expenditures	\$ 30,568,706	\$ 29,553,851	\$ 29,958,412	\$ 64,986,738
Excess (deficiency) of revenues over (under) expenditures	\$ 847,778	\$ 185,865	\$ 538,037	\$ (33,553,808)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,805,122	\$ 5,733,914	\$ 5,947,535	\$ 6,159,676
Transfers out	(5,867,640)	(5,733,914)	(6,115,535)	(6,178,386)
Sale of capital assets	-	-	-	-
Bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	29,720,000
Premium on refunding bonds issued	-	-	-	4,986,840
Issuance of capital leases	-	-	145,277	154,466
Sale of industrial park property	-	-	-	-
Total other financing sources (uses)	\$ (62,518)	\$ -	\$ (22,723)	\$ 34,842,596
Net change in fund balances	\$ 785,260	\$ 185,865	\$ 515,314	\$ 1,288,788
Fund balances - beginning	15,666,676	15,303,288	14,787,974	13,499,156
Fund balances - ending	\$ 16,451,936	\$ 15,489,153	\$ 15,303,288	\$ 14,787,944
Debt Service as a percentage of noncapital expenditures	11.33%	10.50%	10.70%	60.59%

Table 4

2012	2011	2010	2009	2008	2007
\$ 15,691,764	\$ 15,420,768	\$ 15,077,656	\$ 14,963,530	\$ 12,170,249	\$ 11,798,754
2,492,889	2,366,329	2,892,710	2,906,279	3,199,129	2,934,816
134,793	125,374	192,564	238,126	293,445	322,274
162,917	117,466	114,132	114,630	136,138	107,828
128,069	111,289	78,806	213,130	786,364	832,703
713,979	625,459	604,829	560,304	273,121	239,436
109,602	76,049	87,554	17,302	122,907	132,274
3,719,863	346,093	428,125	180,390	176,043	61,292
8,994,551	9,923,930	8,258,638	17,892,885	9,150,652	7,665,511
<u>\$ 32,148,427</u>	<u>\$ 29,112,757</u>	<u>\$ 27,735,014</u>	<u>\$ 37,086,576</u>	<u>\$ 26,308,048</u>	<u>\$ 24,094,888</u>
\$ 1,934,342	\$ 1,714,692	\$ 1,770,821	\$ 1,961,150	\$ 2,665,789	\$ 1,908,408
584,726	592,779	584,458	940,492	1,054,686	913,982
6,546,031	6,594,780	6,119,994	6,135,182	6,007,989	4,547,495
1,847,921	1,777,069	1,725,082	1,983,356	1,368,205	1,884,483
3,124,653	3,312,480	4,104,825	3,776,353	3,891,270	3,695,260
7,675,452	7,625,997	7,656,078	9,903,796	8,361,729	7,363,024
281,966	258,761	313,905	273,887	396,876	308,779
1,370,772	1,849,972	1,003,195	1,347,828	1,670,771	1,620,683
2,654,844	3,849,415	2,492,436	2,339,000	2,277,295	5,730,156
2,530,680	2,523,955	3,825,226	12,188,497	1,639,477	1,519,387
1,589,911	1,784,540	1,810,090	2,072,831	4,071,173	2,003,577
<u>\$ 30,141,298</u>	<u>\$ 31,884,440</u>	<u>\$ 31,406,110</u>	<u>\$ 42,922,372</u>	<u>\$ 33,405,260</u>	<u>\$ 31,495,234</u>
<u>\$ 2,007,129</u>	<u>\$ (2,771,683)</u>	<u>\$ (3,671,096)</u>	<u>\$ (5,835,796)</u>	<u>\$ (7,097,212)</u>	<u>\$ (7,400,346)</u>
\$ 5,659,288	\$ 6,089,652	\$ 6,449,976	\$ 5,054,754	\$ 6,954,429	\$ 3,239,820
(5,858,694)	(6,089,652)	(6,476,083)	(5,114,493)	(6,954,429)	(3,239,820)
-	-	-	263,687	12,647	-
-	-	1,390,000	1,378,350	-	11,345,428
-	-	-	-	-	-
-	-	-	-	-	-
183,606	106,219	79,232	820,000	502,116	394,600
-	-	-	-	3,331,860	-
<u>\$ (15,800)</u>	<u>\$ 106,219</u>	<u>\$ 1,443,125</u>	<u>\$ 2,402,298</u>	<u>\$ 3,846,623</u>	<u>\$ 11,740,028</u>
\$ 1,991,329	\$ (2,665,464)	(2,227,971)	(3,433,498)	(3,250,589)	4,339,682
11,507,827	14,173,291	16,401,262	19,834,760	23,085,349	18,745,667
<u>\$ 13,499,156</u>	<u>\$ 11,507,827</u>	<u>\$ 14,173,291</u>	<u>\$ 16,401,262</u>	<u>\$ 19,834,760</u>	<u>\$ 23,085,349</u>
<u>15.07%</u>	<u>15.28%</u>	<u>23.62%</u>	<u>36.04%</u>	<u>18.80%</u>	<u>14.30%</u>

Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	December 31, 2015			December 31, 2005		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Bay Creek South LLC	\$ 40,042,756	1	1.75 %	\$		%
Daniel A. Hoffler	14,288,300	2	0.62	8,754,400	3	0.66
Bayshore Concrete Products Corporation	11,652,800	3	0.51	4,707,800	6	0.36
Ballard Brothers Fish Company	10,209,500	4	0.45	5,214,300	5	0.40
The Nature Conservancy	9,914,900	5	0.43			
Peacock Holdings Va LLC	9,910,100	6	0.43			
Cherrydale Holdings Va LLC	6,337,000	7	0.28			
THS Family Limited Partnership	5,745,300	8	0.25	3,114,700	10	0.24
Baymark Construction Corporation	5,726,000	9	0.25			
Hungars Glebe LLC	5,660,500	10	0.25			
Bay Creek LLC				15,449,900	1	1.17
Bay Creek Marina and Resort LLC				8,322,300	4	0.63
Brown and Root, Inc				11,483,700	2	0.87
Virginia Realty LLC				4,087,000	7	0.31
HCMF Partnership				3,926,900	8	0.30
Bayview for Social Justice				3,169,400	9	0.24
	<u>\$ 119,487,156</u>		<u>5.22 %</u>	<u>\$ 68,230,400</u>		<u>5.19 %</u>

Source: Northampton County Commissioner of Revenue Department

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2007	\$ 12,910,798	\$ (38,931)	\$ 12,871,867	\$ 12,200,316	94.50%	\$ 663,903	\$ 12,864,219	99.94%
2008	13,853,742	(19,231)	13,834,511	12,998,714	93.83%	735,097	13,733,811	99.27%
2009	16,846,757	(168,103)	16,678,654	15,371,677	91.24%	1,183,214	16,554,891	99.26%
2010	15,107,275	(177,560)	14,929,715	13,833,403	91.57%	1,088,359	14,921,762	99.95%
2011	15,306,788	(124,457)	15,182,331	14,247,384	93.08%	923,705	15,171,089	99.93%
2012	15,537,407	(152,306)	15,385,101	14,423,649	92.83%	872,850	15,296,499	99.42%
2013	16,645,168	(128,482)	16,516,686	15,806,828	94.96%	587,997	16,394,825	99.26%
2014	16,681,616	(303,828)	16,377,788	15,517,549	93.02%	665,261	16,182,810	98.81%
2015	16,680,247	(157,884)	16,522,363	15,696,840	94.10%	483,780	16,180,620	97.93%
2016	17,090,782	(152,614)	16,938,168	16,084,981	94.11%	-	16,084,981	94.96%

COUNTY OF NORTHAMPTON, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended	Real Property					Motor Vehicles and Tangibles	
	Residential Property	Commercial Property	Raw Land	Public Service Property	Tax Rate per \$100		Tax Rate per \$100
2007	\$ 924,544,333	\$ 107,725,200	\$ 224,584,800	\$ 25,334,451	0.7000	\$ 118,071,322	\$ 4.10
2008	1,041,162,452	109,343,300	221,384,100	23,221,600	0.7000	121,233,258	4.10
2009	1,730,453,549	163,617,300	595,142,800	48,255,100	0.4900	111,995,167	4.10
2010	2,104,602,800	179,176,900	584,621,300	42,929,400	0.4900	84,183,800	4.10
2011	2,122,658,500	179,480,200	581,313,900	24,505,800	0.4900	66,661,000	4.10
2012	2,123,731,600	179,476,700	580,084,700	49,322,500	0.4900	67,553,600	4.10
2013	1,644,540,300	172,302,700	484,359,100	47,337,675	0.5400	68,377,100	3.85
2014	1,645,307,200	161,885,000	479,901,300	48,854,329	0.6728	68,775,700	3.85
2015	1,645,468,057	159,026,800	476,301,901	52,285,130	0.6805	73,842,300	3.90
2016	1,384,987,850	141,462,300	389,505,900	51,653,101	0.8300	94,006,200	3.90

Source: Northampton County Commissioner of Revenue Department

Note: The County assesses property at 100% of actual value. Tax rates are assessed per \$100 of assessed value.

Table 7

Personal Property						Total Taxable Assessed Value	Direct Tax Rate per \$100
Public Service Property	Tax Rate per \$100	Machinery and Tools	Tax Rate per \$100	Merchant's Capital	Tax Rate per \$100		
\$ 25,117	\$ 4.10	\$ 3,841,317	\$ 2.25	\$ 1,269,800	\$ 6.25	\$ 1,405,396,340	\$ 0.996
380,200	4.10	3,375,700	2.25	1,418,500	6.25	1,521,519,110	0.981
1,825,600	4.10	2,495,150	2.25	1,530,600	6.25	2,655,315,266	0.650
1,148,100	4.10	2,703,300	2.25	-	-	2,999,365,600	0.594
1,148,100	4.10	4,417,400	2.25	-	-	2,980,184,900	0.642
385,600	4.10	4,387,300	2.25	-	-	3,004,942,000	0.603
52,623	3.85	4,145,000	2.00	-	-	2,421,114,498	0.662
50,980	3.85	3,867,100	2.00	-	-	2,408,641,609	0.676
12,074	3.90	4,621,400	2.00	-	-	2,411,557,662	0.938
8,726	3.90	4,062,400	2.00	-	-	2,065,686,477	0.972

Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Real Estate	Motor Vehicles and Tangibles	Machinery and Tools	Merchant's Capital	Total Direct Rate
2007	\$ 0.639	\$ 0.345	\$ 0.006	\$ 0.006	0.996
2008	0.642	0.328	0.005	0.006	0.981
2009	0.468	0.176	0.002	0.004	0.650
2010	0.477	0.115	0.002	-	0.594
2011	0.491	0.149	0.002	-	0.642
2012	0.501	0.100	0.002	-	0.603
2013	0.552	0.100	0.002	-	0.662
2014	0.561	0.111	0.004	-	0.676
2015	0.574	0.355	0.009	-	0.938
2016	0.791	0.177	0.004	-	0.972

Source: Northampton County Commissioner of Revenue Department

Note: Direct rates are derived by calculating a weighted average that multiplies each rate by the proportion of the revenue base to which it applies.

Overlapping Rates

Fiscal Year	Town of Eastville		Town of Cape Charles		Town of Exmore		Town of Belle Haven
	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate	Tangible Property	Real Estate
2007	\$ 0.0275	\$ 0.2500	\$ 0.3008	2.00	\$ 0.1600	\$ 0.4500	0.0400
2008	0.0275	0.2500	0.3008	2.00	0.1600	0.4500	0.0400
2009	0.0175	0.2500	0.1628	2.00	0.1200	0.4900	0.0400
2010	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0400
2011	0.0175	0.2500	0.1628	2.00	0.1200	0.4900	0.0850
2012	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0850
2013	0.0175	0.2500	0.1828	2.00	0.1200	0.4900	0.0850
2014	0.0175	0.2500	0.2759	2.00	0.1200	0.4900	0.0850
2015	0.0500	0.0500	0.2759	2.00	0.1200	0.4900	0.0400
2016	0.0500	0.0500	0.3260	2.00	0.1200	0.4900	0.0400

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds				Percentage of Actual Taxable Value of Property (b)
	Governmental Activities	Less: Amounts Restricted to Repaying Principal	Total	Per Capita(a)	
2007	\$ 59,762,711	\$ 1,319,773	\$ 58,442,938	\$ 4,294.43	4.16%
2008	56,625,638	1,581,003	55,044,635	4,107.50	3.62%
2009	46,119,447	1,722,914	44,396,533	3,309.47	1.67%
2010	43,895,337	2,017,357	41,877,980	3,111.98	1.40%
2011	41,747,232	2,017,357	39,729,875	3,209.98	1.33%
2012	39,489,635	2,017,357	37,472,278	3,064.97	1.25%
2013	37,906,670	1,644,260	36,262,410	2,990.71	1.50%
2014	30,873,549	1,866,536	29,007,013	2,392.33	1.20%
2015	29,116,190	1,938,667	27,177,523	2,242.18	1.13%
2016	29,382,520	2,096,858	27,285,662	2,202.41	1.32%

Note: Debt refinanced in July 2014.

(a) Population data can be found in Table 11

(b) See Table 7 for property value data

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	State General Funds Transfers	Capital Leases Payable			
2007	\$ 59,762,711	\$	663,515	\$ 60,426,226	17.41%	\$ 4,440
2008	56,625,638		973,227	57,598,865	16.23%	4,298
2009	46,119,447		1,093,239	47,212,686	12.99%	3,519
2010	43,895,337		784,845	44,680,182	10.02%	3,320
2011	41,747,232		528,290	42,275,522	9.49%	3,416
2012	39,489,635		451,577	39,941,212	9.06%	3,267
2013	37,906,670		341,477	38,248,147	7.86%	3,154
2014	36,023,096		262,111	36,285,207	8.48%	2,993
2015	34,079,522		93,059	34,172,581	7.83%	2,819
2016	31,651,888		-	31,651,888	6.76%	2,555

Note: Debt refinanced in July 2013.

Demographic and Economic Statistics
Last Ten Available Calendar Years

Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (4)	Unemployment Rate (3)
2006	13,548	\$ 345,501	\$ 25,502	42.4	1,899	4.30%
2007	13,609	347,057	25,502	42.4	1,757	3.90%
2008	13,401	354,872	26,481	42.4	1,877	4.10%
2009	13,415	363,318	27,083	42.4	1,853	5.50%
2010	13,457	450,993	33,514	42.4	1,788	7.90%
2011	12,377	445,708	36,011	42.4	1,667	8.00%
2012	12,226	486,628	39,803	47	1,590	8.80%
2013	12,125	427,879	35,289	42	1,586	7.70%
2014	12,121	436,198	35,987	47.2	1,565	7.40%
2015	12,389	468,354	37,804	42	1,538	5.10%

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis
- (3) Virginia Employment Commission
- (4) Northampton County Schools

Principal Employers
Current Year and Ten Years Ago

Employer	2016			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Riverside Regional Medical Center	500-999	1	10.76%	500-999	1	8.49%
Northampton County Schools	250-499	2	5.38%	500-999	2	0.08%
Bayshore Concrete Products Company	100-249	3	1.08%	100-249	3	1.70%
County of Northampton	100-249	4	2.15%	100-249	4	1.70%
Chesapeake Bay Bridge Tunnel	100-249	5	2.15%	250-499	5	1.70%
Ballard Fish & Oyster Company Inc	50-99	6	1.08%			
Heritage Hall	100-249	7	2.15%			
New Raveena Inc.	50-99	8	1.08%	100-249	8	1.70%
Food Lion	50-99	9	1.08%	100-249	9	1.70%
Tankards Nurseries	50-99	10	1.08%	-		0.00%
Laurel Meadows	-		-	100-249	6	1.70%
Lfc Agricultural Services Inc.				100-249	7	1.70%
Broadwater Academy	-		-	50-99	10	0.85%
Total	1,350		27.98%	1,450		21.32%

Source: Virginia Employment Commission

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	19	19	19	19	19	18	19	19	19	18
Judicial	7	7	7	7	7	7	7	8	9	10
Public Safety	113	109	107	105	104	97	101	101	102	101
Public Works	10	10	10	9	9	10	9	10	11	11
Public Utilities	2	2	2	2	1	1	1	2	1	-
Health and Welfare	33	33	33	33	34	33	34	34	34	35
Parks, Recreation & Cultural	1	1	1	1	1	1	1	1	1	1
Community Development	9	9	10	12	11	11	12	13	13	12
TOTAL	194	190	189	188	186	178	184	188	190	188

Source: Northampton County Human Resources Department

COUNTY OF NORTHAMPTON, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years (where available)

	2016	2015	2014
General Administration			
Treasurer			
Tax bills printed	\$ 31,652	38833	\$ 38,630
Deposits	2,177	2,172	2,247
Finance			
Paychecks and direct deposit notices	8,646	8,112	8,371
Accounts payable checks	3,452	3,574	3,566
Judicial Administration			
Clerk of the Circuit Court			
Criminal cases commenced	N/A	N/A	N/A
Law cases commenced	N/A	N/A	N/A
Deeds recorded	N/A	N/A	N/A
Public Safety			
Sheriff			
Calls for service	N/A	N/A	N/A
Arrests made	N/A	N/A	N/A
Traffic summons	N/A	N/A	N/A
Civil processes	N/A	N/A	N/A
Local prisoner days	38,596	40,155	38,125
Inmate transports	288	235	295
Out of state extraditions	8	11	13
EMS			
EMS dispatched	2,699	2,842	2,759
Avg weekday response time in minutes	10	9	9
Avg night/week-end response time in minutes	10	10	11
Building inspections			
Plan reviews/Permits issued	254	332	331
Inspections	765	780	1,025
Public Works			
Solid waste services			
Tons received at landfill	15,687	17,075	15,737
Per capital waster generation (lbs/p/d)	6.23	6.31	6.05
Tipping fee per ton	\$ 69.00	\$ 65.00	\$ 65.00
Community Development			
Code compliance			
Abandoned vehicle/Inoperable vehicles	8	11	9
Overgrown grass	10	61	54
Dangerous structures	6	31	44
Assignment 911 addresses	36	39	51

Sources: Various departments in Northampton County.

N/A - This information is not available.

Table 14

2013		2012		2011		2010		2009		2008		2007	
\$	46,125	\$	46,100	\$	46,000	\$	48,000	\$	45,000	\$	40,000	\$	35,000
	3,915		3,875		3,850		3,800		3,800		30,000		1,895
	7,948		7,665		7,650		7,652		7,758		7,134		6,860
	3,411		3,580		3,550		3,508		3,534		3,979		3,653
	N/A		N/A		N/A		N/A		N/A		539		414
	N/A		N/A		N/A		N/A		N/A		599		266
	N/A		N/A		N/A		N/A		N/A		2,769		5,272
	N/A		N/A		N/A		N/A		3,372		3,384		2,397
	N/A		N/A		N/A		N/A		838		977		799
	N/A		N/A		N/A		N/A		2,177		1,777		2,382
	N/A		N/A		N/A		N/A		4,597		4,266		4,989
	53,025		55,000		53,077		33,100		29,097		33,882		28,300
	300		300		255		315		321		397		250
	9		15		13		9		12		14		10
	2,758		2,760		2,702		2,692		2,572		2,439		2,169
	9		9		9		10		10		10		9
	11		12		12		14		15		14		14
	367		189		190		324		350		398		400
	1,074		879		549		1,049		1,500		1,667		1,488
	14,088		18,665		15,318		17,000		16,992		19,652		14,137
	6.23		5.72		5.44		4.62		7.11		8.22		5.92
\$	65.00	\$	63.00	\$	63.00	\$	61.00	\$	61.00	\$	51.00	\$	51.00
	90		170		240		200		110		503		214
	74		76		46		50		30		29		37
	19		55		24		40		27		7		24
							80		82		87		150

COUNTY OF NORTHAMPTON, VIRGINIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2016	2015	2014	2013
General Administration				
County Administration				
Eastville historic buildings	1	1	1	1
Eastville Inn	1	1	1	1
Temporary Admin. Bldg-Old Middle School	-	-	-	-
Former Middle School	1	1	1	1
1899 Courthouse building	1	1	1	1
Old Jail Building	1	1	1	1
Judicial Administration				
1899 Courthouse building	-	-	-	-
2006 Courthouse	-	-	-	-
Public Safety				
Willow Oak sheriff administration building	-	-	-	-
Old jail building	-	-	-	-
Temporary housing unit	-	-	-	-
THU (Converted to Sheriff's Admin)	1	1	1	1
Eastern Shore Regional Jail	1	1	1	1
Sheriff's vehicles	44	46	45	45
Public Works				
Landfill	1	1	1	1
Transfer station	1	1	1	1
Convenience centers	6	6	6	5
Community Development				
Social services building (old)	1	1	1	1
Social services building (new)	1	1	1	1
Parks, Recreation and Cultural				
Parks	1	1	1	1
Recreation center - Indian Town Park	1	1	1	1
Schools				
Attendance centers, Elementary	2	2	2	2
Attendance centers, Middle	1	1	1	-
Attendance centers, Secondary	1	1	1	1
Number of classrooms, Elementary	77	77	78	88
Number of classrooms, Middle	11	11	10	-
Number of classrooms, Secondary	51.5	51	51	51

Sources: Various departments in the County of Northampton.

Table 15

2012	2011	2010	2009	2008	2007
1	1	1	1	1	1
1	1	1	1	1	1
-	1	1	-	-	-
1	-	-	-	-	-
1	1	-	-	-	-
1	1	-	-	-	-
-	-	1	1	1	1
-	-	1	1	1	1
-	-	-	-	1	1
-	-	1	1	1	1
-	-	-	-	1	1
1	1	1	1	-	-
1	1	1	1	1	-
40	37	33	33	28	35
1	1	1	1	1	1
1	1	1	1	-	-
4	4	4	4	4	3
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
-	-	-	-	1	1
1	1	1	1	1	1
88	88	88	87	87	87
-	-	-	-	43	43
51	51	51	51	49	49

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To The Honorable Members of the Board of Supervisors
County of Northampton
Northampton, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Northampton Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County of Northampton, Virginia's basic financial statements, and have issued our report thereon dated November 22, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Northampton Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Northampton, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Northampton, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Northampton, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 22, 2016

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To The Honorable Members of the Board of Supervisors
County of Northampton
Northampton, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Northampton, Virginia's compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* that could have a direct and material effect on each of County of Northampton, Virginia's major federal programs for the year ended June 30, 2016. County of Northampton, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Northampton, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Northampton, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Northampton, Virginia's compliance.

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in the accompanying schedule of findings and questioned costs, the County of Northampton, Virginia did not comply with the requirements of CFDA 84.010 Title I Grants to Local Agencies as described in finding number 2016-001 for Period of Availability of Federal Funds. Compliance with such requirements is necessary, in our opinion, for the County of Northampton, Virginia to comply with the requirements applicable to that program.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County of Northampton, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Program

In our opinion, County of Northampton, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Other Matters

County of Northampton, Virginia's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Northampton, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of County of Northampton, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Northampton, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Northampton, Virginia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (Continued)

County of Northampton, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Northampton, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of The Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farner, Cox Associate

Richmond, Virginia
November 22, 2016

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950109/0950110	\$ 2,315
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	282,541
Refugee and Entrant Assistance - State Administered Programs	93.566	0500109/0500110	259
Low-Income Home Energy Assistance	93.568	0600409/0600410	33,191
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760109/0760110	40,710
Chafee Education and Training Vouchers Program	93.599	0760109/0760110	911
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	1,484
Foster Care - Title IV-E	93.658	1100109/1100110	129,297
Adoption Assistance	93.659	1100109/1100110	10,273
Social Services Block Grant	93.667	1000109/1000110	211,245
Chafee Foster Care Independence Program	93.674	9150108-9150110	2,816
Children's Health Insurance Program	93.767	0540109/0540110	11,350
Medical Assistance Program	93.778	1200109/1200110	358,607
Total Department of Health and Human Services			\$ 1,084,999
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Food Distribution--School (Child Nutrition Cluster)	10.555	Not available	\$ 59,291
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	1790100-40623	578,688
Sub-total CFDA 10.555			\$ 637,979
	90		
Department of Agriculture:			
Food Distribution--Summer school (Child Nutrition Cluster)	10.559	Not available	\$ 376
Direct Payments:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	N/A	20,297
Sub-total CFDA 10.559			\$ 20,673
		Child Nutrition Cluster	\$ 658,652
Pass Through Payments:			
Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	1790100-40591	\$ 154,568

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Pass Through Payments: (Continued)			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040109-0040110 0010109/0010110	\$ 289,597
Total Department of Agriculture			\$ 1,102,817
U.S. Elections Assistance Commission			
Pass-through Payments:			
State Board of Elections:			
Help America Vote Act Requirement Payments	90.401	730200-380	\$ 3,500
Department of Justice:			
Pass-through Payments:			
Department of Criminal Justice Service:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	3900100-81100	\$ 1,363
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	7750100-52749	\$ 7,500
Homeland Security	97.067	7750100-62704	62,000
Hazardous Mitigation Grant	97.039	7760200-11,132	43,376
Total Department of Homeland Security			\$ 112,876
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	6050700-51279,51280	\$ 24,488
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	\$ 755,738
Migrant Education - State Grant Program	84.011	1790100-42910	171,140
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	41,603
Special Education Cluster:			
Special Education Grants to States	84.027	1790100-43071-61234	369,615
Special Education Preschool Grants	84.173	1790100-82521	6,352
Special Education Cluster			\$ 375,967
Safe and Drug-Free Schools and Communities - State Grants	84.186	1790100-60511	
Migrant Education - Coordination Program	84.144	1790100-61399	19,386
Rural Education	84.358	1790100-43481	42,315
English Language Acquisition State Grants	84.365	1790100-60512	33,160
Supporting Effective Instruction State Grant	84.367	1790100-61480	170,735
Total Department of Education			\$ 1,610,044
Total Expenditures of Federal Awards			\$ 3,940,087

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF NORTHAMPTON, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Northampton, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Northampton, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Northampton, Virginia.

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance of food commodities is reported in the schedule.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 128,096
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Special Revenue Funds:

Virginia Public Assistance Fund	1,374,596
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HMGP Home Elevation Project Fund	43,376
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Total primary government	\$ 1,546,068
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Component Unit School Board:

School Cafeteria Fund	\$ 813,220
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School Grants Fund	1,610,044
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Total component unit School Board	\$ 2,423,264
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Total federal expenditures per basic financial statements	\$ 3,969,332
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Less: Federal Payment in Lieu of Taxes not included in the Schedule of Federal Awards

	\$ (29,245)
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Total federal expenditures per the Schedule of Expenditures of Federal Awards

	\$ 3,940,087
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COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

unmodified

Internal control over financial reporting:

a. Material weakness(es) identified?

 yes ✓ no

b. Significant deficiency(ies) identified?

 yes ✓ no

Noncompliance material to financial statements noted?

 yes ✓ none reported

Federal Awards

Internal control over major programs:

a. Material weakness(es) identified?

✓ yes no

b. Significant deficiency(ies) identified?

 yes ✓ none reported

Type of auditors' report issued on compliance for major programs:

modified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)?

✓ yes no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

10.561

84.010

State Administrative Matching Grants for
Supplemental Nutrition Assistance Program
Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

✓ yes no

Section II-Financial Statement Findings

None

COUNTY OF NORTHAMPTON, VIRGINIA

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

Section III-Federal Award Findings and Questioned Costs

Finding 2016-001

CFDA Title: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number: S010A130046
Federal Award Year: 2013

Criteria:

Local Educational Agencies (LEAs) must obligate funds during 27 months, extending from July 1 through September 30 of the second following fiscal year. The maximum period includes a 15 month period of initial availability plus a 12 month carryover. An LEA that receives \$50,000 or more may not carryover more than 15% of the funds awarded after the initial 15 months of availability unless a waiver has been granted.

Condition:

Northampton School Board was awarded \$760,142 for the period July 1, 2013 through September 30, 2015, and only obligated \$426,683 in the initial 15 month period of availability.

Questioned Costs:

None

Context:

Northampton School Board failed to obligate \$224,538 on the 2013 award in the initial 15 month period of availability.

Effect:

Northampton School Board's unobligated 2013 grant award was reallocated for other school divisions.

Cause:

Procedures were not in place to ensure that Title I funds were expended on a timely basis and in accordance with the terms of the award.

Recommendation:

Procedures should be put in place to ensure that Title I funds are expended on a timely basis and in accordance with the terms of the award. Recommended procedures include additional oversight and monitoring by the Finance Department.

Views of responsible officials and planned corrective actions:

The School Board is considering corrective action for FY17 to include implementing several checkpoint dates to review and track obligated and expended funds on the Title I grant at each January 1, March 1 and June 1. This should ensure that appropriate funds are obligated by September 30.

Section IV-Status of Prior Audit Findings

There were no prior year audit findings.